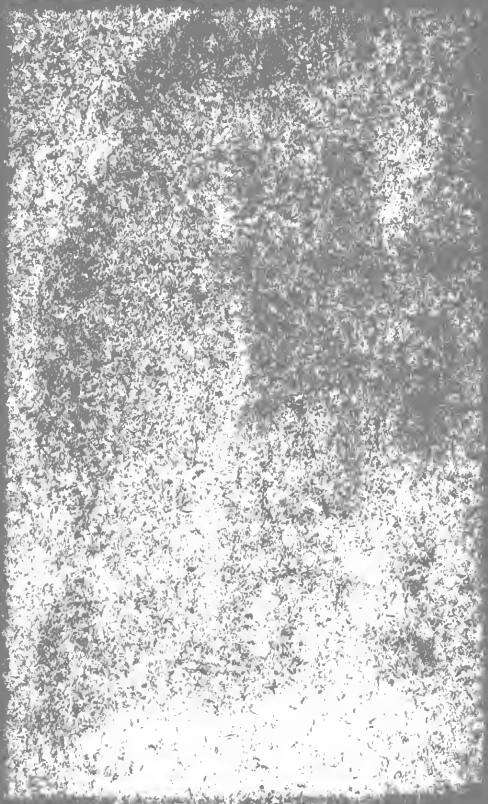
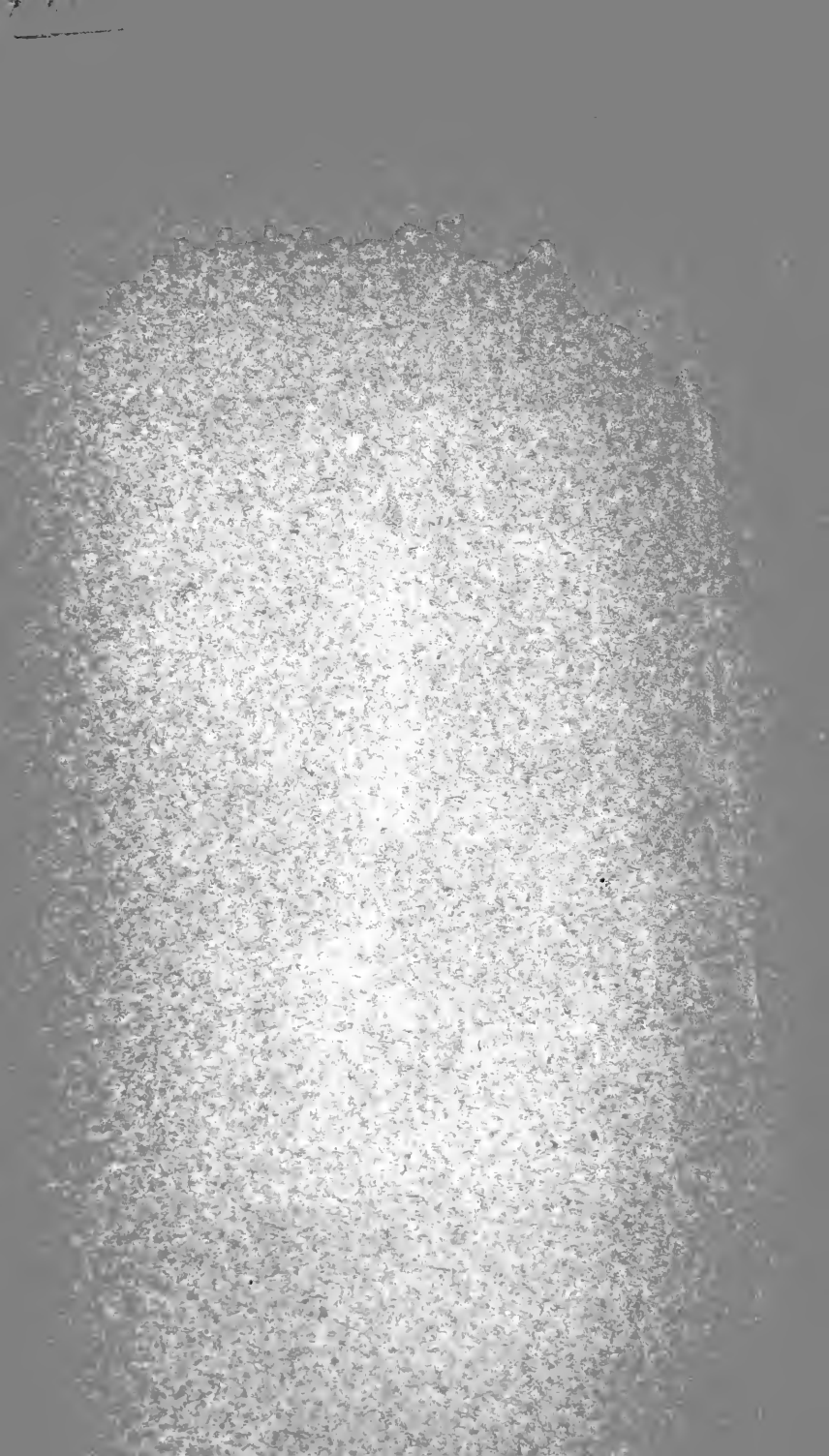
COLLECTIVISM

PAUL LEROY BEAULIEU

TRANSLATED AND ABRIDGED

BY SIR ARTHUR CLAY





COLLECTIVISM

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A STUDY OF SOME OF THE LEADING SOCIAL QUESTIONS OF THE DAY

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PREFACE

M. Le Paul Leroy Beaulieu's great reputation as a writer on social subjects is a guarantee of the knowledge and thoroughness with which the subject of this book has been treated.

His statement and explanation of the doctrine is conspicuously fair, his examination of its various forms is exhaustive, and his exposure of the fallacies upon which the claims of collectivism are based is clear and complete.

The translator felt, therefore, that if this work were made available to the British public, it would be of great value in assisting the formation of a sound opinion upon a question of such vital importance to the future of humanity. M. P. Leroy Beaulieu very readily gave his permission for its translation into English. The book, however, is of considerable length, and the cost of publication of a full translation would have greatly restricted the circulation; the translator therefore requested permission to publish an abridgment—a request to which M. P. Leroy Beaulieu very kindly acceded.

Whilst the translator is painfully conscious of the loss arising from curtailment, and of his inability to do justice to the delicate precision of the French language, he ventures to hope that nothing essential to the argument has been omitted.

The translator desires to record his gratitude to M. P. Leroy Beaulieu for the permission so graciously given.

ARTHUR CLAY.

July 1908.

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N.B.—*The Translator's notes are enclosed in square brackets*

CHAPTER I

Definition of the meaning of the terms Socialism, Collectivism, and Communism. Description of the objects and proposed methods of Collectivism.

THE difficulty of making a critical examination of the doctrines of "Collectivism" or "Socialism" is greatly increased by the fact that they have never been formulated with precision by any well-known socialist writer, and, except in a small book by M. Schäffle,[1] no serious attempt has been made either to give a definite meaning to the word "socialism," or to show how a socialistic system could be established.

The task of criticism would also be simplified if the leading exponents of socialism were in agreement upon fundamental principles, but reference to the writings of Lassalle, Karl Marx, Schäffle, and others, shows that this is far from being the case, and that, on the contrary, the divisions between them are both wide and deep. In place, therefore, of dealing separately with the exponents of these varying doctrines, it is proposed first to ascertain the general content of the "New Socialism," and then to consider this doctrine in relation to the principles of economy.

The terms Socialism, Collectivism, and Communism may be thus defined:—Socialism is a generic term, and

[1] *The Quintessence of Socialism*, by Dr A. Schäffle, English edition. Swan, Sonnenschein & Co., Ltd., 1902.

[For the convenience of English readers, references are given to the English edition of the *Quintessence of Socialism*.]

denotes state interference with the relations between producers and consumers, with the object of rectifying social inequality, of establishing official control of contractual obligations, now freely entered into between individuals, and of nullifying the influence of natural or economic advantages possessed by employers in making bargains with workmen.

Socialism hopes to succeed by means of state rule and state competition with private enterprise; its field of action is therefore undefined, and it assumes the most varied forms: for this reason its effect would be, to some extent, superficial; it would more or less alter existing social relations in respect of the organisation of production and the distribution of products, but the change would not be complete. Communism, however, would involve the entire alteration of social conditions: under this *régime* all private ownership would be suppressed; not only the work and the remuneration of every member of society, but even their personal requirements, would be regulated by authority, and no place would be left in the economic world for individual initiative, for personal responsibility, or even for liberty.

Collectivism, as defined by Schäffle, consists in the state ownership of all means of production without exception, in the substitution of state for private organisation of labour, and in the distribution of the products by the state to workmen in proportion to the quantity and the value of their labour. Were it not for this last provision, there would seem to be but little difference between collectivism and communism; but if in the distribution of produce regard is paid, not only to the quantity, but also to the quality of the work, it is obvious that the system is widely differentiated in theory from that of communism pure and simple, although the difference would be difficult to maintain in practice.

Collectivism professes that it would nationalise the means of production only, and not the products; that under its *régime* everyone would retain the free determination of his requirements and possession of the means of

consumption; even private wealth would not be altogether suppressed, but it would consist only of the means of consumption; "money" would cease to exist, but a measure of value would be provided by means of vouchers representing credit for the performance of social work, and private saving might be effected by the accumulation of these vouchers. This form of saving, however, would be of a very primitive character, and would produce no return. Even the right of inheritance would, it is said, be respected, and national savings, in the most perfect and remunerative form, would be established.

For the transformation of existing social conditions, collectivism would make use of a system of terminable annuities, and, in expropriating capitalists, would allot them indemnities payable annually by instalments for periods varying in duration according to the patience or generosity of collectivist writers and legislators.

The question whether or not these doctrines are logical, and whether collectivism thus conceived would not necessarily lead step by step to pure communism, will be considered later.

Socialistic ideas have of late regained ascendancy in many minds—the infection spares neither class nor country—and a large number of persons, more or less unconscious of the tendency of their action, are urging modern governments to follow the path which leads to collectivism.

The present time therefore appears to be particularly opportune for an examination of this doctrine.

Collectivism, although more restricted in scope, is more definite than communism, and, at any rate in appearance, is more capable of practical application, and more compatible with individual liberty. Schäffle lays stress upon this point, and declares that if the establishment of collectivism would entail the destruction of liberty, it must be regarded as the mortal foe of civilisation and of all intellectual and material well-being. Collectivism requires that all instruments and means of production must be the property of the state (that is, of the community as a whole), personal property being restricted to means of

consumption only ; but how are these to be distinguished? It is obvious that many products, as, for example, a house, a garden, a piece of cloth, a horse, apples or grapes, may assume either character at the will of the possessor; no such differentiation is, in fact, possible; there is no product which may not be either the material or the means of ulterior production.

The difficulty of enforcing a regulation that no one should own any means of production, such as a needle or a sewing machine, except for personal use, would be practically insuperable.

It is clear that collectivism, as described by Schäffle, would soon end in one of two ways—either in the clandestine reappearance of most of the social inequalities it professes to abolish, or in pure communism—a system to which the majority of collectivists are strongly opposed. They are, however, far from being agreed upon their own proposals. Whilst some advocate the total abolition of all rents for houses or land, others, as for instance collectivists of the Franco-Belgian school, propose that the state should own the land, but should grant leases of it to individuals. Thus, whilst one section of collectivists would attack real property only, another would absorb all the means of production. To prove the necessity for the establishment of their system, collectivists assert that the existing social system, based upon private property and private contract, is contrary to justice—an assertion they attempt to justify by the following arguments.

Private property, they say, has possessed itself of things which by their nature are common to all mankind, such as land and minerals, which are not products of human labour, and ought not, therefore, to be subjects of private ownership. Private possession of other kinds of wealth they declare to be equally unjust, since "capital," falsely asserted by economists to be the result of thrift, has in reality been created by the fraudulent retention of a portion of the product of labour to which the labourer is entitled. The appropriation by the community of all means of production is therefore declared to be necessary

for social harmony and for the progress of humanity. They also assert that under existing social conditions mankind is divided into two numerically very unequal parts—plutocrats on the one side, and the proletariat on the other—that this division is becoming more and more accentuated, that intermediate classes have disappeared, and that graduation of society has consequently ceased to exist.

The term proletariat, divorced from its original meaning, is used by collectivists to designate that section of society which, although it depends upon manual labour for its existence, does not possess the instruments necessary for that labour. Men thus situated, it is said, cannot be free; they are compelled to rely upon others for the means of work, without which they could not exist, and are therefore forced to accept as remuneration a fraction only of the product of their toil. Another argument advanced in favour of the collective ownership of all means of production is, that to allow capital, described as being inert or dead matter, to dictate the conditions of labour, is an insult to humanity; it is rather labour that ought to direct the employment of capital. These arguments are put forward as being conclusive, but it is obvious that there is much to be said in reply.

The definition of the "proletariat" as men who do not themselves possess the instruments necessary for their work, would include almost the whole of mankind, and in this respect the class referred to is in no worse a position than the rest of humanity; to assert that capital, being inert material, dictates the conditions of labour, is equally misleading; it is not "inert matter," but living men, themselves the possessors of capital, and either its creators, or heirs of its creators, who impose conditions for its use.

These arguments, based upon the relations between labour and capital, are put forward as being self-evident propositions which require no proof, or as being supported by the dicta of certain well-known economists; these dicta, however, although possibly true of a particular country or at a particular time, cannot be accepted as being universally applicable. The pronouncements of

Turgot, Adam Smith, Ricardo, and J. S. Mill, are those principally relied upon by collectivists; but apart from these eminent economists, collectivists employ an original and ingenious dialectic, in order to prove that capital is not created by saving, and that wages do not constitute the full remuneration of labour—assertions which are supported by Lassalle with much ingenuity and with a wealth of illustration, and by Marx with great subtlety; but before dealing with their arguments, the following points may be considered.

All social theories ought to be inspired by, and founded upon, the three ideas of justice, of utility, and of individual liberty; and, broadly speaking, the existing economic system, with some exceptions, fulfils these conditions. Of these exceptions, some would be unavoidable under any social system, whilst the remainder will gradually disappear with the progress of social amelioration. The existing economic organisation is not the conception of any one man or collection of men; it is a natural system spontaneously evolved by humanity. Is it to be supposed that the ideas of justice, of utility, and of liberty, by which a social system must be conditioned, are more likely to be combined in the artificial *régime* it is proposed to establish, than under the naturally developed system now in existence? Granting the possibility of a more equitable distribution of products, this alone would be insufficient, unless the total production under the new would be at least as great as under the existing system, and capable of an equal rate of expansion; and if the new *régime*, whilst partly eliminating inequalities of distribution, should at the same time lessen individual enterprise and restrict production, mankind would gain nothing and lose much; even admitting that these evil consequences might be avoided, there would still be no adequate reason for abandoning the present system, since there would be no security for liberty, which is an essential element of justice. Collectivism no doubt professes to assure individual liberty, but since under its *régime* all instruments of work would be the property not of the labourer but of the community,

no man could use them except in the social workshops and under official direction, and the workman, in place of having, as he now has, the whole field of industry open to him, and liberty of choice amongst a multitude of employers, would have only one master to whom to apply, the state, with its rigid regulations and its intolerance of spontaneous individual action. How could industrial liberty exist under such a system?

CHAPTER II

Relation of capital and labour. Position of workman not improved under a collectivist *régime*. What is Capitalism? Origin of capital.

COLLECTIVISM has both a negative and a positive side. It is the former which has hitherto received most attention, and the efforts of collectivist writers have been directed rather to criticism of the abuses of a capitalistic society than to the exposition of the system by which they propose to replace it. The examination of the origin and growth of capital by Marx, in his book *Das Kapital*, is, according to Schäffle, the critical evangel of the European workmen of the present day, and in another place the same author writes: "Criticism of capital is the most important preparatory work at the present time."

Before proceeding, it will be useful to reconsider some of the more general objections made to capital in its present form. It is said to be contrary to reason that capital, which represents the labour of yesterday and is dead, should direct the work of to-day; but, as has already been pointed out, it is living men, who direct the way in which their capital shall be employed. There are many reasons why this should be so; for instance, there is the financial risk, which is infinitely greater for the capitalist than for the workman, whose wages are practically secure from risk; but there is a far more important reason—namely, the advantage secured by the division of labour, which without capital would be unattainable. Collectivists themselves admit that this principle must govern all modern industry; but for its application, skilled direction is indispensable, and this would necessarily involve the

separation of administrative from executive functions. Under a collectivist *régime* the manual labourer would be no more capable of efficiently co-ordinating and directing industrial operations than he is now, and this function would inevitably fall into the hands of men who have made it their business to acquire the necessary knowledge and experience. This separation of function is not only essential to industrial production upon a large scale, but it may be said to be an absolute condition of all civilisation, and all attempts to dispense with it have resulted in failure. This fact is illustrated by the history of industrial associations for production. In England and Germany, as well as in France and elsewhere, the common fate of these associations, with but the rarest exceptions, is either to dissolve after a more or less prolonged struggle, or to lose their original character and become transformed into a kind of joint stock company.[1] Confirmation of this statement may be found in the report of the Government Enquiry on Workmen's Associations, recently made in France. Although this enquiry dealt only with small societies of artisans, mention is constantly made in it of paid assistants: some of these so-called co-operative associations had no more than from four to fifteen or twenty members; and of those which appeared to be the most successful, some actually boasted of possessing a dictatorial administration.[2] It is, indeed, admitted by the more enlightened and sincere collectivists, that it would not be possible to entrust the conduct of enterprises to manual labourers; no doubt, as frequently happens now, a workman may rise and eventually become an administrator, but the members of a committee of direction must always be few in number compared with the mass of the labourers, and, since direction demands both experience and talent, constant change would be impossible, and the office could not be held by each one in rotation.

[1] See *La Question Ouvrière au XIX Siècle*, P. Leroy Beaulieu, 2nd ed., Paris, 1882.

[2] See *L'Enquête de la Commission extra-parlementaire des Associations Ouvrières*. Paris, l'Imprimerie Nationale, 1883.

Whether conferred by election or by nomination, authority, to a large extent discretionary, would be centred in the committees by which labour would be directed and controlled, and the position of the great majority of the labourers, under a collectivist *régime*, would be one of subordination possibly more absolute than at present. The promise that the position of the workmen would be greatly improved in this respect is therefore delusive, as is also the assurance that workmen would become owners of the instruments of labour. Those who make such promises are either deceivers or are themselves deceived, and to secure their fulfilment would be beyond the power of collectivism. All instruments would be the property of the community as a whole, and to it a workman would be compelled to apply for the privilege of using them, just as at the present time he has to apply to an employer. But the community is an abstraction, and for practical purposes must be represented by officials, who would have the absolute control and direction of all industries, even of the most insignificant; and to them the workmen would have to apply, not only for the instruments, but also for the necessary material of labour, for a place wherein to work, and for wages. To-day, if rejected by one employer, a workman can seek another; if he finds his work insufficiently paid, he can adopt some other kind of industry; if his surroundings are unsympathetic or work unattainable, he can go elsewhere; but under a collectivist *régime* his only resource would be to apply to officials, who would be in a position to exercise a despotism hitherto unknown to humanity. It may be said that these officials would have no right to refuse work and remuneration to any individual under their jurisdiction; this might be so, but it would still be in their power to impose onerous and humiliating conditions in granting the request. To the argument that an appeal would lie to a higher authority, it is sufficient to reply, that however intricate and ingenious the system, it would be impossible to protect a workman —who has no choice of employers, who would have to depend entirely upon the officials representing the com-

munity for work, and who could not change his profession or his domicile without official sanction—from a state of serfdom more complete than that of the serfs of the middle ages, who, under the sanction of inviolable custom, were at any rate in possession of the land they occupied.

Thus collectivism would be unable to secure independence for the workman; he would not, any more than under the present system, possess the instruments necessary for his labour, or be better able to influence the direction of enterprise. His only resource would be the indirect and intermittent action of the franchise, and on this point it should be noted that collectivists carefully avoid committing themselves; they appear indeed to be but little inclined to encourage representative institutions. "Universal suffrage," says Schäffle, "would not be absolutely necessary to a victorious socialism. It is true that during the transition period of the struggle, during the progress of the conflict with liberalism, socialism will adhere to the principle of universal suffrage."[1] Further on this same author speaks of the representative system as being delusive and misleading. This is not encouraging, nor is his statement that under a collectivist *régime* "individual freedom, free migration, free choice of occupation, *might* perhaps be maintained in force."[2] Schäffle is well advised in thus refraining from more positive assertions, seeing that these "liberties," which he enumerates, are entirely incompatible with the theory and the practice of the system he advocates. The inference to be drawn from this preliminary examination of the doctrine of collectivism is: that in respect of liberty and independence, the workman would gain nothing, since neither as regards possession of the instruments of production, nor in the control of the enterprises, by which he lives, would he be in any better position than he is at the present time; rather the contrary, for in a country such as France, at least half of the workmen are already either partly or wholly in possession of the

[1] Schäffle, *op. cit.*, p. 51. [2] *Ibid.*, p. 84.

instruments necessary for their work, such, for instance, as peasant proprietors, village blacksmiths, carpenters, shoemakers, and many others. Collectivism would rob these people, and would hand over their possessions to officials, and thus would make the evil of the separation of the workman from his tools, which it denounces, universal instead of partial!

Since a collectivist is contrasted with a capitalist system, and collectivist with capitalist society, it is important, in order to avoid attributing ideas to our opponents which they would repudiate, to define clearly what is intended by these terms. Capital itself is not the object of attack, for collectivists declare that "capital," notwithstanding its detrimental effects, is in itself a desirable thing, and assert that having taken possession of it, they would maintain and even increase it: it is, indeed, manifest from categorical statements made by the principal collectivist writers, that it is not against "capital," but against "capitalism" and a capitalistic society, that they declare war.

What, then, is "capitalism"? A distinctive feature of the industry of the present day, according to Marx, is that production is carried on in large manufactories, in place of the home, in which production has now almost disappeared. Formerly the greater part of the produce of each family was intended for its own consumption, and this had two consequences—firstly, that hardly anything but objects of real and essential utility were produced; and secondly, that since each producer consumed the greater part of his own produce, profit on exchange was restricted, and thus large fortunes rapidly acquired by means of commercial or industrial gains could not be made. The distinction here made between "values in use" and "values in exchange" plays an important part in Marx' "criticism of capital," and his dialectic is based upon it. He asserts that by an abuse of human industry, human labour is diverted from the production of commodities essentially useful to humanity, to the production of superfluities and luxuries, and that

in this way, a particular direction is given to human industry, to the detriment of society as a whole. This, he says, is the great evil, and according to him, it is one with which economists do not concern themselves. This criticism has some force, and will be examined later on, but it is not the argument to which collectivists attach most importance.

A dominant characteristic of a capitalistic *régime* is said to be a tendency to the concentration of capital, a tendency which it is asserted will ultimately bring about its own destruction. It is also asserted that small industries have been, and are being, annihilated, and that the existing system tends more and more to the division of the population into two parts—the "proletariat" on the one side and a handful of "plutocrats" on the other. Collectivists say also that the "capitalist" society of to-day bears no resemblance either to the "collectivist" society of the future or to the conditions of society in the past. They look upon the social organisation of the middle ages as possessing some desirable characteristics which might well be borrowed, and they declare that the liberal economic system which slowly grew out of it, and by which it has been replaced, is for the majority of mankind the worst of servitude.

According to Marx, private property, acquired by individual labour, and based upon close association of the independent isolated workman with his work, has now been supplanted by private capitalist property derived from the labour of others, nominally free men. The capital of to-day originated in the destruction of the small property of the artisan and the peasant, in the production of which the workmen and the product were so intimately connected that it became their private property in a true sense. This system, now no longer in existence, although temporarily satisfactory and relatively equitable, had a serious drawback, in that it involved the dispersion of the means of production. The products therefore suffered, both in quantity and in facility of manufacture; thus, however interesting and meri-

torious it might be, such an economical system was certain to disappear when exposed to the pressure of accumulated industrial and commercial capital. Marx also asserts that existing capital, said by economists to be the result of thrift, in reality owes its origin to the confiscation of the property of serfs, monasteries, and communes, as well as to "protection," and to the colonial system, and that at the present time it is being continually increased by the unjust retention of a portion of the wages of labour. The plutocratic evolution of capital continues, and when, at a time which cannot be far distant, this evolution is completed, capital, self-destructive, will find all the world in antagonism to it. When accumulated capital has suppressed all its weaker competitors, when huge manufactories have swallowed up their humbler rivals, when great stores have destroyed the small shops, when gigantic landed estates have absorbed all the old patrimonial properties, when almost the whole population have become either salaried officials or labourers, and capital belongs only to joint stock companies or to plutocrats, then the kingdom of collectivism will be at hand. The huge company, with its concentrated bureaucratic organisation, its lack of a master's supervision, and its thousands of workmen, will, it is said, constitute an easy and natural means of transition from individualism to collectivism.

Such is the idea which collectivists have evolved of the existing capitalistic society; but the criticisms on which they rely, some of which are no doubt well founded, are based upon an incomplete analysis. Even if in some cases large inherited fortunes owe their origin to spoliation, it should be remembered that the present owners hold them by prescriptive right, which is rightly said to be the "patron and protector of the human race"; without it there could be no social stability, nations would have no more right to the possession of the countries they inhabit, than individuals to the fields they inherit; "prescription," in fact, is the only safeguard against continual and universal warfare. Again, if in some cases long-

descended fortunes can be traced to confiscation of the property of serfs, of monasteries, or of communes, to "protection," or to the colonial *régime*, or if fraudulent speculation accounts for a certain number of recently acquired fortunes, it is not by these means, either now or for a long time past, that private wealth has been chiefly created.

The use made of analogy by collectivists is as misleading as is their interpretation of history. To believe that the increase of joint stock companies will pave the way for the establishment of collectivism, is to disregard the fundamental difference between private industry, even in the form of joint stock companies, and the authoritative organisation of all industry by the state. It is necessary to insist upon this essential difference, because collectivists hope that by ignoring it, and by asserting that their system is nothing more than a "company" upon a grander scale and of wider scope, they may be able to persuade the public to believe their doctrines to be capable of practical application.[1]

[1] It is often supposed that the great trusts which have grown up in the United States form a prelude to, and a step towards, the nationalisation of industry or collectivism, but this view is a superficial one.

Great trusts are one of the most characteristic and in some ways most triumphant forms of individualism ; they spring from a principle altogether opposed to that of state bureaucracy, and possess an entirely different character. In these great associations, an individual or a very small group of individuals, unusually able and enterprising, and having an exceptional talent for combination, succeed in securing a preponderating control and sometimes a monopoly of action in the conduct of a great undertaking. They effect a radical improvement in manufacture and methods of business, in such a way as to reduce the cost of production and the general expenses. They are not restrained or hampered by meticulous regulations, and they derive immense personal gains from the reforms they so completely carry out. Nothing could be more opposed to the red-tapism, the indifference, and the lethargy of state administration.

These great trusts, moreover, rarely have long lives ; they seldom survive the active period of the life of the individual who establishes them ; they are difficult to initiate and develop in those countries which depart but little from the practice of "free exchange," such as

England, and the greater number of them have but a precarious existence. (Cf. *Traité théorique et pratique d'Économie politique*, P. Leroy Beaulieu, 3rd ed., vol. iv., pp. 41-58).

Thus the organisation of great trusts and of joint stock companies has nothing in common with that of the state, and the multiplication of the former in no way prepares the way for collectivism. (Note to the 4th ed.)

CHAPTER III

Origin of private property in land. Cause of increase in value. Prescriptive right. Marx' indictment of personal property. Distribution of wealth. "Unearned Increment." Influence of social conditions external to the individual upon the acquisition and ownership of wealth. The element of "chance" or "luck." Can collectivism find an efficient substitute for the incentive of personal interest?

COLLECTIVISTS assert that capital under existing conditions has been produced neither by thrift nor by the intelligence of capitalists, but that it is in reality the "plus-value" of labour unjustly retained by capitalists. This thesis is maintained by Marx with much subtlety, and must be carefully examined in connection with the origin of capital; but it will be as well first to consider the historical aspect of collectivist criticism, a question which is only referred to by Marx towards the end of his book. He maintains, but without adducing any adequate evidence for the assertion, that private wealth owes its origin to spoliation.

Agricultural wealth, he says, was derived from the confiscation of church property in the sixteenth, and the dispersion of state domains in the following century, from the transformation of feudal property subject to state charges, into "bourgeois" property subject to none, and from continual encroachments made upon communal property, both by large and by small proprietors. He makes the further statement that, under the name of "liberalism," the Revolution in England gave a sanction to the spoliation of the peasant for the benefit of the upper

classes, that land formerly subject to communal grazing rights was brought under tillage for the profit of individuals, then reconverted into pasture land, and in some cases, as in Scotland, denuded of inhabitants and dedicated to sport. It cannot be denied that in respect of the past there is some truth in these statements; no doubt the French Revolution, which abolished feudal rights and with them a number of charges on landed property, [originally imposed in the public interest], was advantageous to most landed proprietors;[1] but these assertions are nevertheless incorrect in three respects.

In the first place, as previously pointed out, prescriptive right, in respect of present ownership, must be accepted as a necessary condition of human society; next, the causes enumerated are far from supplying an adequate explanation of the real origin of the greater part of existing landed property. In France about half the soil belongs to small proprietors, who obtained it, not by force or by unjust legislation, but by the patient exercise of thrift. From a quarter to a third of the land is in medium-sized holdings, and not more than a fifth, or at the outside a quarter, is in the form of large properties, not half of which are now in the possession of descendants of the original proprietors. Rural landed property, whatever its extent, owes its present increased value to labour, to thrift, to co-operation, and to the careful management of its proprietors. If interest on the capital sunk in the land (calculated at a fair average rate) were deducted from its revenue, there would in most cases be nothing left, and even if any balance remained, it would be very small.

It is not necessary to go far back in history in order to prove this, and to show that the net return on the majority of properties does not give even a moderate rate of interest on the amount expended on the soil and buildings, and that during the last fifty years landed proprietors have sunk more capital in the soil than is

[1] *Traité de la science des finances*, P. Leroy Beaulieu, 6th ed., vol. i., pp. 358 and 578-84.

represented by the increase of the saleable value of their property.[1]

It may be gathered from official agricultural returns, that during the last fifty years[2] 1,882,000 hectares of land, formerly common or waste, have been brought under cultivation, whilst the area occupied by vineyards, orchards, gardens, and fruit farms, has also largely increased.

It cannot be maintained that the increased value thus created is owing to the beneficence of nature and a spontaneous increase of return from the soil, and if during so short a period so large an extent of land has been subjected to improved cultivation, the credit is due to labour, to intelligence, and to thrift, and not to spoliation either by force or by legal artifice. Besides the increase of cultivated land, much advantage has been derived from the improvement of agriculture, from the construction of dams and canals for irrigation, and from the great increase in the number of farm buildings of all kinds.

This is the true explanation of the increased value of landed property in recent years, and if the net revenue from land during this period has also increased, the gain cannot be attributed to the gratuitous gift of providence, but is in nearly every case due to the persevering labour of small proprietors, and the intelligent management of large landowners.

In a third respect also Marx' assertions are incorrect. There are many countries in which land is privately owned, but in which no monasteries have ever existed, where the domains of the king or of the state have never been distributed in gifts, and where there has been no plunder of communal rights; this is the case in all new countries, in New Zealand and Australia, as well as in the far west of Canada, or the United States. The objections made, however, by collectivists, and even by some economists, to the method of alienating or giving concessions of land in

[1] *Essai sur la répartition des richesses*, P. Leroy Beaulieu, 4th ed., chapter iii.

[2] *Enquête décennale de* 1892 (*publiée en* 1897), 2nd part, pp. 114, 115.

America and in Australia must not be disregarded; they contend that, in place of perpetual ownership, leases for a term of years only should have been granted; but while the vast allocations of land made by the United States and Canada may be open to criticism in this respect, it is nevertheless clear to an impartial observer, that the actual conditions of grant are by no means unduly favourable to settlers. The proof of this is that the majority of the "bourgeoisie" and of the so-called "proletariat" in the great towns of America prefer to work for wages rather than to become proprietors in the Far West, although the cost of the change would be within the means of millions of their number. If the acquisition of land were so profitable a business and so certain to lead to fortune, as is asserted, the young shopkeepers and the young artisans of American towns would hasten to become pioneers and proprietors of land, but nothing of the kind occurs; they prefer to remain at home and gain their living by service for wages, rather than to become landowners, and there can be no doubt that the wage system, with all its drawbacks, still appears to the majority of Americans to be a less precarious means of living than the possession of virgin soil.

Thus the alleged injustice of a system of private ownership of land appears to be either non-existent or negligible. The question as to what, apart from their origin, are the respective advantages of the systems of private or public ownership of the soil, for the community as a whole, will be considered later on.

Another part of the collectivist indictment relates to personal property, and Marx imagines that this is strongly supported by the result of his examination into the origin of commercial capital,[1] which, according to him, is due entirely to the following causes: the colonial system, national indebtedness, the system of protection, the abuse of child labour, dishonest practices, and usury. It is impossible to deny that in some instances commercial wealth has been amassed by fraud, but to assert that all

[1] *Das Kapital zweite verbesserte Auflage*, 1872, pp. 781-91.

commercial wealth is derived from dishonest practices, is as extravagantly false, as it would be to say, that since blind men and cripples are occasionally to be met with in the streets of a town, the whole of the population must be deformed. Amongst the causes given by Marx as being the origin of private wealth are some which are in no way censurable; for instance, the most rigid moralist would not blame a person who derives a profit from lending his money to the state for national purposes. It is strange that Marx should include "protection" amongst the vicious causes of private commercial capital, since he himself, as well as Schäffle and other collectivists, far from sharing the antagonism to "protection" entertained by most economists, constantly derides and scoffs at the principle of "free exchange," and professes to see in it nothing but an empty formula, void of meaning, used by "bourgeois" theorists to mislead the simple. Schäffle does not hesitate to say that the tendency of collectivism is not towards freedom of international exchange, and, as will be seen later, it is altogether repugnant to the collectivist system of social organisation.

If great manufacturers use their wealth to obtain an increase of duty on the articles they produce by bribing legislators or electors, and thus secure profit for themselves at the expense of the consumer, no doubt they inflict a wrong on the community, but a high tariff affects only a small and continually decreasing part of national production, and private fortunes can no longer be attributed to this source. Personal property acquired during the last century has a widely different origin from this, as is shown by an enquiry into the source of the annual increase of the national wealth of France, which amounts to two milliards of francs. From this it is clear that the part played by the abuses described by Marx in the production of this saving is infinitesimal, and that it is in truth the result of labour, in which term is included intellectual work, invention, co-operation, and thrift.

On the subject of the distribution of national income, and the proportion borne by great fortunes to the total

amount of national wealth, many enquiries have been made and much labour has been expended by eminent economists. Although the results obtained are necessarily only approximate, since absolute accuracy on a question so complex is unattainable, the evidence that modern civilisation does not, as is commonly supposed, encourage an increasing concentration of wealth, is overwhelming, and goes to show that the aggregate of the enormous fortunes of which we hear so much hardly amounts in any country to a tithe of the national income.

It was in England that Marx wrote, and from the English economical system that he derived his inspiration. Here wealth is highly concentrated, and artificial causes, historical antecedents, and legal arrangements have hitherto restrained the tendency of modern civilisation towards a more general distribution of wealth; but the publications of eminent English statisticians, especially those of Sir Robert Giffen, have shown that even in this country the years that have passed since Marx wrote have altogether falsified his confident prediction that society would resolve itself into two groups—a few "plutocrats" on the one side, the confused multitude of the proletariat on the other: no such sharp division exists; between the pauper in the workhouse and the richest London banker there are infinite gradations; and if a geometrical figure were constructed to illustrate the distribution of private incomes in the United Kingdom, it would take the form of a regular pyramid diminishing very gradually from the base to the apex.[1]

[1] With regard to the distribution of national income, Sir Robert Giffen thus summarised the conclusions to be drawn from the papers on the "Progress of the Working Classes in the last Century," read by him before the Statistical Society in 1883 and 1886:—

"Whereas fifty years ago the working masses of the United Kingdom, amounting to 9 millions, earned in all about 171 millions, or £19 per head, the working masses, now amounting to 13 millions, earn about 550 millions, or nearly £42 per head, an increase of much more than 100 per cent.

"When the increase of earnings from labour and capital is compared, it is found that the increase from capital is from 190 to 400

If in England there is so little justification for Marx' indictment, it is far more trivial when made against France and Belgium, or other countries in which political action has destroyed all traces of the feudal system. It is no doubt true that some modern methods of accumulation of wealth are as blameworthy as the violence of the middle ages, and it cannot be denied that a certain number of fortunes—far fewer, however, than is generally supposed—are thus obtained ; but it is no less true that these are the exceptions amongst the multitude of fortunes laboriously and honestly gained, and are traceable to causes the influence of which will be diminished as civilisation advances; they are due either to defective legislation, which does not sufficiently check fraud in the initiation or management of joint stock companies, or to the lack of education, to the carelessness and credulity, which is often allied to cupidity, of the public, and the remedy lies in the better education and larger experience of small capitalists. Lastly, there is another cause, less easy to define, which will be as potent under a collectivist as under a free *régime:* this is the fact that humanity can never liberate itself altogether from its defects, that there will always be men inclined to, and expert at, rascality, and others always ready to allow themselves to be duped and despoiled; but when all this is admitted, these exceptions, deplorable as they are, are not more so than the physical deformities or moral sufferings, which civilisation cannot altogether remove.

Besides their indictment of the origin of certain classes of private wealth upon historic grounds, and in addition to the inferences they declare to be derivable from an

millions only, or about 100 per cent. ; the increase from the "working" of the upper and middle classes is from 154 to 320 millions, or about 100 per cent. ; and the increase of the income of the manual labour classes is from 171 to 550 millions, or over 200 per cent. In amount, the increase due to capital is about 210 millions, to labour of the upper and middle classes 166 millions, and to labour of the manual labour classes 379 millions, a total increase of 755 millions." (*Essays in Finance*, by Sir Robert Giffen, 2nd series, 2nd ed., p. 472.)]

analysis of economic phenomena, collectivists assert that private wealth is, to a large extent, created by causes which are independent of the individual who profits by them. Whilst they admit that this may not be altogether correct as regards its origin, it is, they affirm, strictly true in respect of the increments of value due to lapse of time and as a consequence of the progress of civilisation: this increment or "plus-value" is, they maintain, but rarely owing to the action of the capitalist himself. Ingeniously handled, this argument is no doubt a striking one; the use made of it with reference to the rent of land since Ricardo's time is well known, and it is capable of application with almost equal justice to nearly all kinds of private wealth. Mr Henry George, in *Progress and Poverty*,[1] describes in sarcastic terms the fortunate position of the judicious purchaser of land on the site of a developing city who, without personal exertion, profits by this "unearned increment," and dwells upon his life of ease as contrasted with the lot of those to whose labour the constant increase of his wealth is due, but who themselves derive no advantage from their toil.

There is, however, another side to the picture: it is impossible to ascertain beforehand whether some little town will develop into a wealthy city; the purchase of land in the hope that it will increase in value is mere speculation, by which it is probable that more men have been ruined than enriched. The assertion that it is only the owners of the land who benefit by the growth of a city is false; in reality every citizen down to the lowest labourer has a share in its increasing wealth. Priority of settlement is almost as valuable to commerce and industry as monopoly of situation is to the proprietor of the soil: doctors, architects, or agents who by good luck establish themselves in a rising community secure a rapidly increasing and profitable business, and although no doubt they, in common with merchants, will be exposed to the competition which is certain to follow in the track of successful trade, yet it follows but slowly, and the first comers will

[1] *Progress and Poverty*, by Henry George. New York, 1879.

have had time to secure their connection and will for long retain the advantage of priority.

The element of chance plays a large part in all human undertakings; "unearned increment" due to no personal merit or effort is by no means confined to the fortunate possessor of land in an improving city, and undeserved loss and ruin are as common as unmerited success. Who has not seen the growth of commercial or industrial fortunes of which good luck was the creator? In the accumulation of private property, "luck" has almost always a share; it is an element to be reckoned with, and in human affairs it stands on the same footing as good looks or intelligence, which in no way depend upon the will of the individual. If man, with all his diverse faculties derived from heredity and from education and environment, is analysed, who can determine which of his qualities can be fairly considered as being entirely due to his own individuality? Why, then, should "luck" be considered as being a corrupt source of wealth? It is not only the well-to-do classes who benefit by "luck": the "proletariat" participate equally in its favours; and the question sarcastically put by George, as to whether the increase of wealth in a growing city would be likely to ameliorate the condition of the labourer, either in respect of the amenities of his life or the amount of his wages, can be confidently answered in the affirmative. Between 1875 and 1882 wages in Paris increased by 50 to 60 per cent., whilst the cost of living, with the exception of house rent, remained unaltered. This great advance, therefore, was not attributable to increased cost of living, nor was it due to any addition to the hours of labour which, on the contrary, had been reduced; it was caused by the growth of Paris, and the advantages gained by the wage-earning classes were owing to their good luck in happening to live in an improving city.

Again, if the position of the Silesian miner earning from 1s. 3d. to 2s. 1d. a day is contrasted with that of the English miner, who receives from 5s. to 6s. 8d., it is obvious that the better position of the latter is solely owing to the

good luck which placed him in a highly capitalised country with an extended commerce, and in a locality where his work is in demand and well paid for. It may be objected that both capital and labour can change their domicile; this is true, but the process is a slow one. The transfer of capital involves risk and additional anxiety, and to quit their native country is to most men an affliction: neither human beings nor capital find their level like liquids in connected vessels: they do not spread equally over all the earth; it is incontestably an advantage for a skilled artisan, such as a cabinetmaker or a jeweller, to be a native of Paris or Berlin rather than of some small village. To take a wider point of view, is it not a happy chance for the French to inhabit the valleys of the Seine, the Loire, the Garonne, and the Rhine, rather than the Steppes of Central Asia? But if good luck is not to be considered as conferring a legitimate title to possession on the individuals who benefit by it, neither can it give any right to a nation to retain the land they occupy, and the French ought to share the rich pastures of Normandy and the splendid vineyards of Languedoc or the Gironde with the Esquimaux, the Laps, or the Tuaregs; for it is not their own merit that has placed Frenchmen in their favoured land, it is by luck alone that they were born there, rather than in the north of Lapland or in the Sahara. That which is called "providence," "luck," or "chance," is in no case solely due to merit, but it is to this uncontrollable power, external to themselves, that nations, like individuals, owe a great part of their prosperity and their wealth. The fact, therefore, that the private property held by an individual is due to good fortune, and not to merit, is no valid argument against his right to possess it. It is the title conferred by prior occupation and by prescriptive right, which protects nations as it does individuals, and which justifies them in resisting the incursions and depredations of nations less fortunately situated. If this title be not acknowledged, then nations fortunately placed ought in justice to share these advantages with those less happily situated. Again, if social co-operation and conditions

external to the individual tend in certain instances to the augmentation of private fortunes, it often happens that they have the contrary effect, and destroy wealth laboriously acquired by men who are innocent of offence. There are towns or parts of towns from which prosperity has vanished, districts whose products have fallen in value owing to increased facilities of transit caused by the advent of railways, discoveries which by the substitution of a chemically manufactured article for a natural product have destroyed an industry, as in the case of the discovery of alizarine and its effect upon the cultivation of madder. Illustrations of this statement might be indefinitely multiplied: some, indeed, are almost classical, as, for instance, the destruction of the industry of copying manuscripts, caused by the advent of printing, the ruin of the great inns built upon the coaching roads, and of the posting business, caused by the construction of railways, or the effect of the substitution of coal for wood fuel upon the iron industry, or the replacement of sailing ships by steamers. Another example is afforded by the reduction of incomes of investors due to increasing prosperity, which enables a nation to reduce the rate of interest it has to pay for public loans.

The assertion, therefore, that social conditions external to the individual necessarily conduce to the increase of private wealth is incorrect: their effect is quite as likely to be in the opposite direction, and this is why it is so rare, even in the absence of prodigality or incapacity, to find large fortunes transmitted intact from generation to generation for any long period of time. The truth that luck plays a great part in the distribution of wealth, and is the great leveller, was ignored by Marx and Lassalle ; but it was, to some extent, recognised by Schäffle, who, with curious ingenuity, twists it into an argument in favour of collectivism. According to him, the impossibility of providing against the innumerable accidents which menace the wealthy, is a good reason why they ought to welcome collectivism. If, however, external social conditions are so hostile to the continued possession of wealth, why

should collectivists represent capitalists as being a kind of automata who, without intelligence and without effort, infallibly secure for themselves continual accretions of wealth? In reality, the hazards which attend all human efforts perform a useful function in our social system, and act as a spur to exertion: it is the chance of good fortune and of exceptional profit that develops individual initiative to a far greater extent than would be possible under a collective *régime*. In the inception of great undertakings there must always be an element of speculation and a necessity for prevision which, if it cannot control the future, endeavours at any rate to anticipate and provide for possible contingencies. It is the hope that this prevision will be successful, that is the mainspring of enterprise, and induces capitalists to risk their wealth. It is true their hopes are never entirely fulfilled, but each man confides not only in his own judgment but in his "star," an expression which epitomises man's reliance upon luck and which will long survive the pseudo-science which originated it. The more intelligent collectivists find themselves compelled to recognise this potent incentive to human action; and Schäffle, although he speaks of "anarchic competition," acknowledges and even eulogises the "powerful influence of capitalistic competition" and the "strength of individual interest," whilst he recognises "the inadequacy of official injunctions," and asks himself whether, with his "social organisation of the middle ages," with his "committees of directors of production and distribution" and his vouchers for "labour hours," it would be possible to retain, or if lost to compensate for, the influence of "this great psychological truth and the economic fertility of the principle of individualism, in accordance with which private interest is urged to the accomplishment of social functions." This question and this doubt are of extreme importance. It must be remembered that the personal wealth secured by the originator of the most successful enterprise, or the discoverer of the most useful invention, is quite insignificant in comparison with the gain to the community generally resulting from

their labour; for instance, it is calculated that the aggregate sum of the profits made by the inventor of "Bessemer" steel, since the date of his discovery, would only amount to about ½ per cent. on the total amount of money saved by his process. The rapid development of this great invention suggests a contrast with what would probably have happened if it had been necessary to submit it to the officials of a collectivist *régime* and to obtain the consent of the bureaucracy appointed by the nation to direct its industries. It is indeed to the belauded "solid social organisation of the middle ages" that the sterility of that epoch in industrial inventions must be attributed. When inventors are compelled to obtain approval of their ideas by committees, or to submit them to a corporation and get the assent of the majority, what likelihood is there that they could overcome the jealousy of rivals or the prejudices and inertia of opinionated and indolent officials? In almost all cases of great remunerative enterprises, it is the same as in the case of "Bessemer" steel—the gain to the inventors or initiators is small compared to the gain to the world at large. In the case of the Suez Canal, it is estimated that the profit received by the shareholders does not at the present time represent more than from 1 to 2 per cent. on the economy effected in transit by the existence of the canal, and in the not distant future it will not probably amount to more than 1 or even ½ per cent.

Is it conceivable that the bureaucratic organisation of collectivism can effectively replace the inventive fertility of private enterprise? Schäffle, who is a conscientious writer, is compelled to admit that this vital question, although decisive, is not yet decided, and yet it is upon the answer to this question that the possibility of a collectivist social organisation depends. If such a *régime* would dry up the sources of invention and enterprise, the advantages it offers would be purchased at too high a price. It is noteworthy that Schäffle hesitates in the same way when he speaks of the possibility of retaining "freedom of domicile" and "freedom of work" under a collectivist

régime, and dares not affirm that both or either could be maintained. We see, then, that even one of the most capable exponents of the doctrines of collectivism can seriously propose that humanity should abandon its most precious possessions — "individual initiative" and "individual liberty"—although he dares not give any assurance that compensating advantages will be secured.

CHAPTER IV

Arguments against private ownership of land founded upon natural justice and historical precedent. Development of individual out of collective ownership of land.

THE preliminary objections made by collectivist writers to the existing capitalistic social system have been cursorily dealt with, and a closer examination of the analysis made by Marx of economic phenomena, such as "value" and the nature and origin of capital, is now desirable.

There are two distinct theories of collectivism, one of limited, and the other of unlimited, application; the former proposes to hand over or restore to the state the possession of the land, mines, water power, and all such sources of wealth as are really or apparently of natural origin, and to deal with the means of communication and certain of the larger industries in a similar way. The other theory, more thorough and more logical, advocates the nationalisation of all means of production without exception. These two schools of collectivist thought entertain a profound contempt for each other; the thorough-going collectivists regard the doctrines of those who advocate a restricted form of state control as being puerile, pusillanimous, and illogical, whilst the more moderate party retort that the system advocated by the former is "Utopian" and unrealisable, and would lead to the reversion of society to barbarism.

Consider first the more restricted form of collectivism. The book by Henry George already referred to[1] gave

[1] *V. ante*, p. 26.

an impulse to this doctrine, and several well-known economists, de Laveleye amongst others,[1] were attracted by it. The advocates of this kind of communism appeal both to natural and to historic justice. As a rule, they ignore the accumulated value added to the soil by successive generations of proprietors, and but seldom pay attention to the social change which has substituted leases of greater or less duration for perpetual ownership, matters which they appear to consider negligible and not worthy of argument. They assert that land is not, and cannot be, the property of an individual, that it is *res nullius*, and is the one thing that is in its essence common to all. History, they declare, supports this theory, since it shows that up to a comparatively recent date, land, amongst all peoples, has been more or less common property.

These two arguments, the one based on natural justice, the other upon historical precedent, deserve examination, although the question of the best method of utilising land for the benefit of the human race appears to be one of far greater importance. Except in uninhabited islands, land, since man existed, has never been entirely *res nullius;* originally, as de Laveleye remarks, it was *parcours*, or hunting-ground. Take the case of Australia: here a huge extent of land, capable of supporting fifty or more millions of human beings, was inhabited by a small number of savages who lived by the chase, each family requiring for its subsistence an extent of ground which to-day affords ample sustenance for several hundreds, and in the future may well support thousands of civilised men. May it not be said of these vast regions thus thinly peopled by men incapable of developing their natural resources, not that such an occupation was illegitimate, but that it was incomplete and provisional?

[1] Fawcett appears to admit that in new countries the communal system should be maintained. Gide, professor at Montpelier, seems to consider that real estate should again become the property of the state, and Wallace is also one of the principal supporters of rural collectivism in England.

If the rights of the colonist and of the aboriginal inhabitant are compared, which of the two should be called the usurper? The colonist appropriates only as much land as he can cultivate, in addition to a run for his cattle, and from this comparatively small area he produces sustenance, not only for himself, but for a large number of human beings in addition, whilst the indigenous family replaced by him, maintained a miserable existence by the occupation of an immense extent of ground, leaving its capabilities of production entirely undeveloped; the real "usurper," in fact, was not the colonist, but the aboriginal inhabitant. Thus, the argument that, since land has never been occupied, no portion, however small, can be justly appropriated, is both equitably and historically unsound. Supposing that a member of a tribe, existing solely by hunting, more intelligent than his fellows, becomes a shepherd or an agriculturist, he would require in the one case not a tenth, and in the other not a hundredth of the extent of land he would need as a hunter; if, then, relinquishing his share of the tribal area, he should appropriate to himself sufficient land for his changed method of life, his tribe would suffer no wrong, but would be actually gainers by the considerable difference between the area necessary for him as a hunter and that which would suffice for his subsistence as a shepherd or agriculturist; if a whole tribe were to act in the way described, no loss but rather gain would accrue to neighbouring tribes of hunters, who would be relieved from its competition, and would benefit by the additional territory open to them as hunting ground.

Priority of occupation confers a title to property, and carries with it the right of voluntary or hereditary transmission, and this title is by general consent and by mutual concession universally recognised as authentic and as being in harmony with the dictates of reason and equity: if this were not the case, human society would fall into an indescribable chaos. Under certain conditions, the title conferred by prior occupation of land has been the real basis of all civilisation. Property in land, considered

generally and apart from some unimportant exceptions, rests upon three elements—first, occupation, then cultivation, and lastly, social utility. These three elements will be examined in sequence. If private property is held to be illegitimate on the ground that an individual cannot appropriate that which by its nature is common to all, the same principle must be applied to the ownership of land by a community or by a nation, or by the inhabitants of a continent. In each case the title has precisely the same origin—namely, priority of occupation. Logically, the collectivist theory would involve the abolition of communities and nations; or, if we imagine the existence of other inhabited worlds, with soil less fertile than that of the earth, and intercommunication to be possible, the present inhabitants of our little planet would have no moral right to claim its exclusive possession: they would be bound to share their advantages with the peoples of these worlds, since their only title would be that of prior occupation, the legitimacy of which is denied. In equity, a circumstance carries with it the same consequences, whether it applies to one or to many; if, then, priority of occupation is held to confer no title upon the individual, neither can it do so upon a collection of individuals, however numerous. The acceptance of such a theory would entail consequences unforseen by its advocates. If priority of occupation and continuous labour do not create a good title, by what right can communities in possession of land of exceptional fertility defend even the collective ownership of their territory? The inhabitants of other less favoured lands would, on this theory, have the right to expropriate them or to insist upon some tribute as compensation for the exceptional advantages they enjoy. What reply can be made by these favoured communities? If appeal to the right conferred by occupation is of no avail in the case of the individual, neither is it a valid defence for a community; if they base their defence upon the labour which they have devoted to the cultivation and development of their land, individual proprietors can advance an equally just claim to their property. Thus, if this theory is accepted, nations in

possession of fertile lands would have no good defence against the claims of poorer communities to a share of their advantages. Some collectivists are prepared to accept this consequence, and admit that the right of a commune to exclusive property in land is no more valid than that of an individual. They assert that the lot of all citizens of a nation ought to be precisely equal in this respect: even so, the dilemma would not be avoided, since a nation has no other or better title to exclusive possession than a commune, or than an individual: in each case, the elements of title are the same, and if the claim of the individual is disallowed, a similar veto applies with equal justice to the claim both to communal and to national property. If private ownership is to be supplanted, it cannot be logically replaced by either communal or national ownership, and the only method of carrying out the theory would be by making the whole world the common possession of the whole human race. Thus, a state which denies the right of its citizens the individual ownership of land, cannot with justice resist the claim of any other state less happily situated, and the establishment of such a theory would ultimately lead to the general payment of tribute by nations in possession of fertile territories to those less favoured by natural advantages. The objection to private property, founded upon the nullity of title conferred by priority of occupation, is therefore baseless.

Again, it is argued that since land is indispensable as a means of production, its possession is an essential condition of individual liberty. Every man, therefore, ought to possess land, either by effective occupation or by representation. This reasoning has now lost much of its force; formerly, before the establishment of co-operative industry and the division of labour, such an arrangement might have been advisable, but nowadays land is no longer the one indispensable instrument of labour. Private property is indeed a necessary condition of liberty; but it can no longer be asserted that to secure individual liberty, the effective or even representative possession of land is necessary. The assertion

that no man is really free unless he is assured of his future and of his ability to support himself without support from his fellow-men, is obviously baseless. A member of a tribe of hunters can have no such assurance: his subsistence depends from day to day upon the continuance of his bodily activity and the abundance of game; but it cannot be said that this uncertainty deprives him of liberty. In the same way, men, under the existing social system, are free, although they also are equally subject to the changes and chances of this mortal life. Liberty, indeed, does not demand so impossible a condition as a guaranteed security against the risks of life: its essential elements are freedom of choice and action. If the possession of land is to be a necessary condition of liberty, it is obvious that the human race can never be free, since, with the growth of population, it would become increasingly impracticable for each man to hold sufficient land for his support. Intelligent collectivists, however, do not propose this; they offer to individuals a kind of ideal possession, which is to real ownership as the shadow is to the substance. The system by means of which they propose to bestow this ideal ownership, is that the state should own the land and lease it for the benefit of the community; but under such an arrangement the individual would be no more the owner than he is now—he would have no power to use the land for his own subsistence, except by agreement with the tenant farmers of the state, who would have no motive for acting differently from the farmers who now hold leases under individual proprietors. This "ideal possession" is indeed a mere delusion, and could in no way satisfy the formula that property in land is a condition of liberty.

Are collectivists, then, more fortunate in the arguments they derive from history than in those they base on natural justice? Can they find there any proof that collective property is the true system for a free people? History indeed makes one fact clear—namely, that as property in land gradually ceased to be collective and

became individual, agricultural methods improved and production increased: these two phenomena are found in all countries, and occur simultaneously; and the question whether this relation is that of cause and effect, or is merely fortuitous, is one of much importance.

According to collective authors, private property in land is a usurpation of the collective ownership which was the ancient and normal custom: they point out that formerly land was the common property of the tribe or the clan, and that at even the present time this system still continues amongst peoples uncontaminated by modern civilisation. The eminent publicist de Laveleye has supported this assertion with much learning and ingenuity, and although no doubt he would repudiate the appellation of "collectivist," yet that party can with justice claim him as an ally, since one of his most original works is in effect an indictment of the existing system of private ownership of land.[1] In this book he describes the ancient systems of land tenure from all points of view.

The fact that what has been exists no longer, is in itself an indication of some defect; if collective ownership so fully secured justice and content, how is it that it has so generally disappeared? Its destruction has not been the result of accident, for accident is essentially local and limited, whereas, with insignificant exceptions, collective proprietorship has vanished. Its advocates are compelled to recognise the fact that over the whole inhabited surface of the globe, a slow, progressive change has taken place, the effect of which has been to substitute individual for collective ownership of land. So long as people lived by hunting, collective ownership of land was obviously the only possible system, but history shows that neither then nor later, when the change to a pastoral *régime* took place, did this system secure peace and content. Competition for the best land was the

[1] Émile de Laveleye, *La propriéte et ses formes primitives.*

Malon, formerly a member of the "Commune de Paris," translator of Schäffle and Lassalle, refers to de Laveleye as an auxiliary of collectivism.

cause of constant warfare between tribes and nations, and during the middle ages, as well as in ancient times, pastoral communities were a constant menace to their more civilised neighbours. By slow degrees portions of the land, which in the hands of a pastoral people yielded only such return as was spontaneously produced, became regularly cultivated, and an agricultural system was established. At first cultivation was entirely communal, later the land was divided and allotted annually to individuals, then a further step was taken, and in place of an annual division, the allotments were made for a period of years. It happened occasionally that the same family would remain in continuous occupation of the same lot, which thus came to be considered as their own property, and so in process of time a system of private possession of land was evolved, and, once initiated, it continually spread, until it became the general custom. The cause of this transformation and of the rapid extension of private ownership is clearly pointed out by de Laveleye, who is compelled to admit that the improvement of agriculture progressed *pari passu* with private ownership — an admission which strongly suggests the presumption that this system is the most beneficial for the human race, a thesis which is confirmed by examination of the various systems of collectivist land tenure.

CHAPTER V

Existing systems of collective ownership of land.

NO institution is more frequently cited as an illustration of the advantages of collective ownership than the Russian "Mir."[1] In Russia all land which is not owned by the crown or by the nobility is the common property of the community, and in that country communes possess a greater degree of autonomy than in the East; they are responsible to the state for taxes and recruits, but enjoy complete self-government. The heads of families, meeting under the presidency of the "starosta," or mayor, who is elected by them, discuss and regulate all communal affairs. The "starosta" is chief of police, and judge in case of breaches of the law. The aggregate of the inhabitants of a village possessing the land in common is known as a Mir, an old word which is equivalent to commune. In principle, every male inhabitant of full age has an equal share in the Mir.

True collective ownership implies communal cultivation, which necessitates an irksome routine, and involves the complete suppression of individual initiative and personal interest; in the Mir this method of cultivation has long been abandoned—the common land is divided into small plots which at varying intervals are divided either by lot, or are allocated according to some other system, amongst its members. Under such an arrangement,

[1] For a complete study of the "Mir," see *L'Empire des Tsars et les Russes*, by Anatole Leroy Beaulieu, vol. i., 2nd ed.

no man has a lasting interest in the land allotted to him, the practice of a due rotation of crops is impossible, and, since each one knows that after a longer or shorter period the result of any extra toil and care he may bestow on his land will be lost to him and his family, it is not to be expected that he will do more than is necessary to secure a bare subsistence. The strong incentive of personal and family interest which impels the French peasant proprietors to lavish thought and toil on the improvement on their little plots of ground is here entirely wanting. To increase the interval between the periodical divisions would be no remedy. Formerly the division took place every year; now, according to de Laveleye, the period is from six to nine years, but the longer the interval (de Laveleye suggests eighteen or twenty years) the greater would be the violation of the principles on which the Mir is founded, and the greater would be the difficulty of providing for newcomers. Whatever device might be adopted, the economic objections to the Mir would remain immense; the work of Anatole Beaulieu referred to above, and the admissions of de Laveleye, show that this system possesses no moral advantages to compensate for the economic evils it produces.

The rural proletariat co-exists with, and is produced by, the Mir, and its evils are even less remediable than under any other system; its ranks are recruited by those who, returning after unsuccessful emigration, have lost their rights of membership of the Mir, and by those who, remaining in the commune, possess neither a horse nor any other agricultural capital. The industrious workman has no means of utilising his surplus labour; his own "lot" is no larger than that of his indolent neighbour, and if he bestows extra labour upon it, the result will be lost at the next partition. He cannot hire out his own labour, since each man cultivates his own ground, and it is only on the seignorial estates that he can obtain paid employment.

The Russian peasant, in spite of his "lot," perhaps in consequence of it, is more in debt than the peasants

of the West, and, being unable to give adequate security, is compelled to pay a higher rate of interest. When the more intelligent and astute peasants succeed in amassing some personal wealth, the only employment they can find for it, under this system, is "usury," unrestricted and unashamed. These men are described in Russian as "eaters of the Mir," and, being unable to use their means either in the employment of labour in creating new sources of wealth, or in the direction of enterprise, they play the *rôle* of the Jew of the middle ages, and thus in time inequality of social condition is created.

There are other ways also in which this system leads to the degradation of its members, as appears from the following account of the Mir of Arachine, given by Anatole Beaulieu. He divides the families in this Commune into four classes. The first comprises those who, "owing to default of workers or to the want of agricultural implements, are incapable of the profitable cultivation of land or of supporting any portion of the communal charges." Out of eighty-seven families in Arachine, three belong to this class. They are excluded from all participation in profit, and are relieved from all imposts. In Russian phraseology, "they are without souls." After these "soulless" families come the class of those who are weak or incompetent, who include an able-bodied labourer, but are unprovided with that indispensable auxiliary of the farmer, a horse. Of these families there are ten, they each receive only one "lot," and are taxed as one "soul." To the third and far more numerous class belong the households which have one labourer and one or two horses; these each pay imposts as two "souls," and hold two "lots." Lastly, to the number of thirty, come the most numerous and the wealthiest families, each cultivating more than two "lots," generally three or four, some five or even five and a half, and who are taxed accordingly.

"An unlooked for result of this method of distribution, is that, under a procedure in appearance so entirely collectivist, it is not the personal ability of the labourer that constitutes a preferential claim to land, but the resources

of which he can dispose; of a Mir such as that of Arachine, it might almost be said that it is "capital" that gives a claim to the soil, and that the land is allotted preferentially to those who possess the best means for making the most of it." [1]

A. Beaulieu says elsewhere that in the Government of Kostroma 98,000 peasants are without lots, in that of Tambof 94,000, and in that of Koursk 77,000; and with much justice he concludes: "The evil, it appears, can only increase; families quitting their village communities cannot regain access to them except by paying for the right of re-entry, divisions (of land) are almost everywhere becoming less and less frequent, and the lots distributed more and more exiguous, owing to the mere fact of the increase of population; collectivist ownership is thus doubly convicted of inefficiency, of ability to put land within the reach of all, and of incapacity to raise the families whom it endows with land from misery." The Russian Mir, then, offers no social advantages to compensate for the serious economic evils it involves. It is destructive of individual initiative, it closes the door against the useful employment of capital, and it discourages the exercise of thrift.

These observations made by Anatole Beaulieu receive striking confirmation in a communication from the St Petersburg correspondent of the London *Times*, published by that paper on 10th November 1902 under the title of "The Russian Village Commune." In this article it is pointed out that since the appointment of a special committee under the presidency of Witte, a tendency to advocate the abolition of the Mir has become more and more evident. It is, indeed, only the reverence in which all ancient Muscovite customs are held in Russia which now protects this institution.

An important Russian journal, the *Novoye Vremya*, also brings forward evidence, from which it appears that the peasants themselves are by no means so enamoured of this institution as its admirers assert. As a general rule, the

[1] A. Beaulieu, *op. cit.*, vol. i., p. 529.

opinions of peasants asked by local agricultural commissions have been unfavourable to the Mir. A memorandum upon this question has been addressed by Ivan Polyahoff, a peasant of the province of Novgorod, to the Russian Minister of Finance, in which he cites his own village as an example which, as he knows from his frequent travels in Russia, differs in no way from others. This village consists of 170 holdings, and has not to complain of want of land.

The average distance of the peasant's cottage from his "lot" is about two miles, and owing to this fact a large addition is made to the average distance to be traversed by the cultivator, which adds considerably to the cost of production. Ivan Polyakoff further declares that the peasant does not look upon the land as his own, but as belonging to unknown persons or to the government, a belief which deprives him of any desire to improve it. A third of the property of the commune is composed of useless land, hill, or marsh ; the hills were formerly covered with woods, but the peasants have exhausted them. It would be easy to drain the marshes, but the Mir has no funds, and there are difficulties in the way of obtaining money on loan, or of getting the work done by the forced labour of the members of the commune. He asserts that those peasants who have the full ownership of marshy or forest land, show far more thrift in the management of the woods and far greater energy in improving the marshes. Where the land is communal and is divided from time to time, the peasants are compelled to live in cottages so arranged as to form one street, which greatly augments the danger from the fires so frequent in Russia. He himself now inhabits his third house, and remembers two large fires in his village, when 82 cottages were burnt. In conclusion, Polyakoff maintains that to obtain economical improvement in the condition of the peasants, they must be liberated from the yoke of the commune.

Relics of a system of collective property are still to be found in some of the more remote and mountainous parts of Switzerland. De Laveleye writes : "The minister

Becker believes that in the 'Allmend' he has discovered the solution of the social question, and I fully agree with him: not that it is always possible, as at Stanz, to provide every one with 1400 'klafter'[1] of good ground, but because the Allmend is the antique type of the true system of land tenure, which ought to be the basis of future society."[2]

The Allmend is a system of collective land tenure peculiar to Switzerland. De Laveleye says that he has found much difficulty in collecting materials for a study of it: this is in itself an admission which shows that the system is not widely spread or well established; it is to be found only in the cantons of Uri, Glaris, Unterwald, Soleure, Appenzell, and Le Valais—more especially in the three first named. The word "Allmend" appears to mean the "domain common to all." This domain consists of forest, grass, and cultivated land (*wald, weide, und feld*), and is thus able to provide the primitive requirements of life, peat for fuel, wood for construction and burning, summer pasturage, and cultivable ground; the co-existence of these capabilities in one locality is unusual, and is only to be found amongst mountain ranges. The cultivable land assigned to each family of the Allmend is small in extent, at most 80, usually not more than 10 to 15 ares, and is generally used for the cultivation of vegetables and fruit; it provides, therefore, only a small part of the necessary subsistence. This land is periodically divided and allotted. To be an inhabitant of the commune, or even to exercise rights of political citizenship, is not a sufficient qualification for membership of the Allmend: it is necessary to be descended from a family which has possessed this right from time immemorial, or at all events from a date anterior to the commencement of this [the nineteenth] century. This restriction is both logical and necessary: logical because the descendants of the ancient clan have an hereditary claim to a share in the Allmend,

[1] 1400 klafter represents 45 ares, an "are" = 100 square metres.

[2] De Laveleye, *op. cit.*, p. 282.

and necessary, because the share of each member, already small, would become indefinitely less if new co-partners were admitted. Thus, in the same village some of the inhabitants are full members of the Allmend, whilst others are excluded from it. Between these two classes of persons, who often live side by side for many generations, but who possess unequal privileges, strife is frequent and prolonged. The system, therefore, does not secure equality; on the contrary, it perpetuates inequality. With the object of mitigating this trouble, certain restricted forest rights are, in some places, granted to inhabitants who are not members of the Allmend, but who have long been established in the district. This concession modifies, but does not abolish the inequality.

Speaking of the method of administration of the Allmend, de Laveleye says[1] that in former times, when the population was small compared to the extent of land, no regulations were necessary—each member used timber as he required it, and pastured as many beasts as he possessed; but later, when the number of co-partners became too large to allow of this unlimited user, regulations were imposed, which became more precise and stringent as the necessities of the community increased. At the present day the regulations of the Allmenden vary considerably in different localities; some features are, however, common to all; when villages have grown into towns, the participation of the members in natural advantages, with the exception of forest rights, has generally disappeared. In these cases the communal lands are let to defray public expenses, and the proprietorship of the soil by each member is only nominal. In those communes which have remained rural, the methods of user may be reduced to three typical forms to be found in the cantons of Uri, Valais, and Glaris.

In 1852, according to de Laveleye, Uri, with 2700 families, possessed 5417 "kuhessen,"[2] communal woods of the value of 4,000,000 fr., and 400 hectares of culti-

[1] De Laveleye, *op. cit.*, p. 280.

[2] A "kuhess" is the feed for a cow during the summer.

vable land at the disposal of the Allmenden. The division of this property amongst the co-partners was by no means equal, the rule being—"to each one according to his wants"; this formula, however, is not to be taken as referring to personal wants, but to the capabilities of the capital possessed by each; thus the greater the wealth of the member, the larger would be his share of the common property. Schaddorf, a village near Altdorf, is cited as a typical example of this method of division. In respect of forest rights, the members of the Allmend in this village are divided into four classes. The first class, 120 in number, consist of those members who have had fire and light throughout the year, who use an oven, and who possess private property; these are entitled to six large pine trees. The second class, 30 in number, includes those who have had fire and light and an oven, but have no private property; they have a right to four trees. The third class, 9 in number, are those who live alone and possess no property; they are entitled to three trees. And finally, in the fourth class are those who have fire and light but no private dwelling; they are 25 in number, and are only entitled to two trees each.

No member can add to his house or farm buildings without the consent of the authorities; the reason for this restriction being that since the timber required is supplied out of the common property, it is to the interest of the community that the demand should not be excessive. The division of the mountain pasturage is even more unequal than that of the forest rights. It is an accepted principle in Uri that each member's share of his pasture shall correspond to the extent of his private property, and the rule is, that each shall be entitled to send to the common pasturage as many beasts as he can keep through the winter. This rule excludes the poor and favours the well-to-do, in direct proportion to the amount of their wealth. Here, as elsewhere, we find the population divided into rich and poor; and what socialists term the *contraste pauperiste* is to be found even in these remote places, which, we are told, "exhibit to-day a faithful picture

of the primitive life of our ancestors upon the plateaus of Iran."

In Uri, according to de Laveleye, the rich families outnumber the poor; 1665 families possess cattle, against 1036 who do not; these latter claimed a more equal division of the common property, but were unsuccessful: ultimately the occupation of from 15 to 20 ares of land, subject to periodic re-allotment, not the fiftieth or the hundredth part of the extent necessary for the subsistence of a family, was given to each of these poorer members, as well as wood for cooking and firing.

This is the first type of Allmend. Three classes are to be met with in these villages. First, those who, although they may have lived in the district for many generations, are not descended from the ancient members of the clan, and therefore have no claim upon the communal property; secondly, the poorer members of the Allmend, who, since they possess no property and are unable to maintain cattle during the winter, are excluded from any share of the pasturage, but participate to some extent in the forest rights, and also enjoy upon a precarious tenure the occupancy of 15 to 20 ares of land; and lastly, those well-to-do members, who, in addition to their share of the arable land, profit by the pasturage and the forest rights in direct proportion to their wealth.

Thus, under this collectivistic *régime*, the more wealthy families obtain the larger share of the common property, and this arrangement is clearly advantageous to the community, whose object must be to obtain the largest possible return from the soil.

Glaris is an example of another type of Allmend. Here the greater portion of the land is let in farms, sometimes to strangers, but a certain portion is retained for division amongst the members in lots of from 10 to 30 ares, which are held for periods of from 10 up to 30 consecutive years, after which the lots are remeasured and subjected to a fresh lottery. Glaris possesses some communal vineyards and wheatfields, but these are used solely for the purpose of supplying wine and bread for

national or communal fêtes. Some of the rifle-shooting associations also hold some plots of land for a similar purpose; but these customs, estimable and poetic as they are, can have no material influence upon the condition of the inhabitants.

In the canton of Valais, as in Uri and elsewhere, the mountain pasture is allotted in such a way as to augment the private wealth of the well-to-do members of the Allmend.

It is unfortunate that no statistics exist which give the communal property for the whole of Switzerland. De Laveleye, however, gives figures relating to those cantons possessing the largest extent of communal property, which varies considerably in the different cantons. The Allmend system is largely in force in the cantons of Uri, Zug, and Schwytz.[1]

Of the forests by far the larger part (20,588 jucharts out of a total of 29,188) is communal property, whilst in France the state and the communes together own only about half the total area of forests and waste lands. Examination of the figures given by de Laveleye shows that even in those cantons which have the largest extent, the area of communal land is but small when considered in relation to the number of the inhabitants, and that the revenue derived from the Allmenden, at any rate by their poorer members, is quite insignificant.

An analogous system is to be found in France, especially in the mountainous district which lies between Aveyron and Herault.

The general application of this system of collective property would present many difficulties, especially of administration. De Laveleye describes the regulations adopted in Switzerland with this object, and gives an account of the constitution of the commune of Gross, in the canton of Schwytz. All members over the age of eighteen are entitled to take part in a session held annually in the month of April, at which accounts are presented and ordinary business is transacted; special sessions may be

[1] De Laveleye, *op. cit.*, p. 293.

summoned by the president; all officials are elected and acceptance of office is obligatory. Executive functions are vested in an elected council of seven members, which regulates the management of the forests, allots the produce of the annual felling of trees, prepares the allotment of land, is the legal representative of the corporation, and may order the execution of public works up to a limit of 60 fr.; it is also entrusted with the duty of seeing that regulations are duly observed, and fixes the amount of the fines and penalties in case of their infraction. The president convokes the council, and members absent without leave or sufficient excuse are fined. The officials are remunerated by the remission of some of their "days of work," which in common with other members of the commune, they are bound to give to the public service. The president is elected by the general assembly, which must be summoned if a hundred members demand it. The president receives a salary as an allowance for special service. Five other officials are enumerated: treasurer, secretary, clerk of the works, forester, and accountant, all of whom receive salaries. "The system of administration of these land-holding communes is, it will be seen, very complete; they hold a middle place between the position of a political body and that of a joint stock company." Such a position, however, would be a disadvantageous one, since political bodies of all kinds allow of friction, intrigue, loss of time, and enmity, and are generally arbitrary in character, whilst companies, although indispensable for great enterprises, are also open to objection on the ground of extravagance, negligence, and absence of responsibility. It may be admitted that the small administrative bodies which direct the Allmenden might partly escape these evils; but enlargement of their field of action would inevitably produce them in full force, and in any case they could not altogether free themselves from the trammels of routine. The Allmenden are interesting relics of an ancient organisation, but there is nothing to indicate that the germ of social renovation lies in this system.

The German "Marke" was an institution analogous to

the "Dessa" of Java,[1] or the Mir of Russia. The village dwellings were grouped together, the houses and orchards were private, all else was common property; the land immediately around the village was divided into plots; the system of culture was alternating, a piece of land after cultivation for one year, was allowed to lie dormant (sometimes for eighteen or twenty years): in this way the expenditure of capital on the soil was evaded. The population was sparse. According to de Laveleye there were then about three or four people to the square kilometre—that is, a population from twenty-five to thirty times less dense than at the present time in Germany, and the uncultivated land was from eighteen to twenty times as extensive as the cultivated. These ancient Germans consumed but little grain, and subsisted principally upon milk and the flesh of their cattle and upon game. At the periodical division of land, the chiefs obtained a larger portion than the others; cultivation was uniform, under the system known as "Flurzwang." The rotation of crops and the regulations for work was decided by the inhabitants of a village in general assembly.

At this time the word "eigenthum" (personal property) was unknown. How, then, in such a community did individual property arise? It originated in the reclamation of land by individuals, and the evolution of private ownership, which took place amongst the ancient Germans, was precisely analogous to that which, 2000 years later and at 3000 leagues of distance, occurred in the island of Java.

De Laveleye says: "The man who enclosed a part of the vacant communal land or forest for the purpose of cultivation became the hereditary proprietor of it. The lands thus reclaimed, were not subject to division, for which reason they were termed 'exsortes' in Latin, and in the Teutonic tongue 'bifang,' from the verb 'bifahan,' signifying to seize, to surround, or to enclose. The word 'perprisa,' in French 'pourpris, pourprinse,' has precisely the same meaning. Many of the title-deeds of the early

[1] See p. 55.

middle ages give occupation of the desert or waste land as the origin of the properties to which they relate. In France the charters of the first two dynasties frequently refer to it. Ancient records speak of it as being an ordinary method of acquiring property. Dareste de la Chavanne cites the 'custom of Mont Jura,' which confers upon the first occupier free and unfettered possession of all reclaimed land; but it was forbidden, under severe penalties, to enclose or circumscribe the common lands, unless this was done in the presence and with the consent of the other members entitled to a share of the communal property."[1]

This explanation is important, and shows that when land was reclaimed by an individual, it became his private property, with the tacit or expressly given consent of the community. Lands thus reclaimed were not included in the periodic division, and justly, since the community suffered no appreciable loss by these enclosures, or if it did, a formal contract was made between the community and the new proprietor, who undertook to pay compensation either by service or by rent.[2] The enclosure and cultivation of waste land was necessarily undertaken by families who possessed some capital, and were able to hire and pay for labour. When once enclosed, relatively intensive cultivation of these lands became practicable, and historians consider that the first great agricultural improvement, the rotation of crops, which tripled or quadrupled the production of the soil, was thus made possible. The benefit which arose from these enclosures, therefore,

[1] De Laveleye, *op. cit.*, p. 110.

[2] De Laveleye expresses himself thus: "All demands imposed upon the community were borne by the common lands. The proprietor of independent and enclosed property, having no right to share in the common pasturage and forests, was naturally relieved from the contributions in labour or in kind to which the members of the commune were liable." It might be inferred from this passage, that in some cases the owners of independent property, when they obtained it, renounced their claim to a share of the common property remaining. If so, the title to private property would be strengthened, since the arrangement would be in the nature of an exchange.

afforded a justification for private ownership of land. De Laveleye draws an attractive picture of the lot of the ancient German, and contrasts it with that of the peasant who to-day occupies his place;[1] but if the members of the Marke were so fortunately situated, how was it that they so readily abandoned their native soil and the benefits of this system? What was the cause of the migrations of barbarians, especially of the Germans, if not privation and famine, against which the collective system was unable to protect even so small a population scattered over so vast an extent of territory. To eulogise the happy condition of these barbarians, who poured their famished hordes out from their vast uncultivated lands upon their gentler and more civilised neighbours, is to make an undue use of poetical license.

Some account of systems of collective ownership amongst peoples whose climate and whose civilisation differ widely from ours may be useful. The village communities of Java and of India are types of this kind of organisation, which have attracted the approving notice of de Laveleye.

In all Mohammedan countries the sovereign is, by the authority of the Koran, the supreme owner of the land; the men who occupy and cultivate it, are, in the eye of the law, civil as well as religious, merely tenants; and it is as owner, and not as a taxing authority, that he levies an impost, which is, in fact, rent. It is also as owner of the soil that the sovereign exacts forced labour from his people. This *régime* is responsible for the almost complete absence of personal initiative which characterises Mohammedan countries. The manifestation of individual energy is, in truth, in inverse proportion to the extent to which a community is under the influence of collectivism, a term which may be said to be almost synonymous with fatalism; and where, as in a Mohammedan country, the individual is crushed under the weight of traditional habit, and where even his actions and his thoughts are guided by immutable usage, collectivism, to which such a

[1] De Laveleye, *op. cit.*, pp. 91-92.

condition of mind and soul is indispensable, is certain to find adherents. Although similar in principle, the methods of tenure vary in detail in these countries. In Java the cultivator yielded to his lord one-fifth part of the produce of his land, and one day's labour out of five; but by gradual encroachments, the native princes came to exact one-half the produce of irrigated, and one-third of that of dry, rice fields. The Dutch, desiring to gain popularity, re-established the old custom, and even modified it, demanding only one day's work in seven. As in the case of the Russian Mir, the village community in Java, called the "Dessa," is collectively responsible, both for taxes and for labour. In details the system of land tenure varies somewhat, but communal possession by the village prevails throughout the country. The principal product is rice, which is well adapted for collective cultivation; it depends chiefly upon a good system of irrigation, and it requires but little individual ability or effort. The method of partition of the "sawahs" or rice lands, although not precisely the same everywhere, always conforms to a certain type; it does not, however, secure equality amongst all members of the Dessa, even amongst the heads of families. In some places labourers who do not possess draft animals, are excluded from the ballot. The Dutch Government sought to correct this abuse, and to secure that each head of a family should have a share in the land, but the attempt was unsuccessful. The general custom, according to de Laveleye, is, that in order to obtain a "lot," a peasant must possess a yoke—that is, two buffaloes or oxen—and he says that the labourers thus excluded from allotments are very numerous. The allotments are settled by the chief of the Dessa, under the supervision of the district commissioners and the European "residents," who discharge functions analogous to those of "prefects" in France. A rotation is arranged, so that each family should occupy all the available lots in succession. The chiefs, who remain in office for a year, are chosen from amongst the most prominent, the wealthiest, or, since

custom is hostile to youth, the oldest, inhabitants; and in almost all places they, as well as the principal village officials, obtain larger or better allotments than the rest.

Side by side with the collectivist system of land tenure in Java, a system of private ownership has grown up. The cause of this phenomenon is of interest, since it throws considerable light on the system of freehold personal property in land which is now so severely criticised. In the majority of provinces any one who reclaims land belonging to the community becomes the owner of it, with hereditary succession, so long as it continues to be cultivated; since, however, it is the object of the local authority to secure the greatest extent possible of land for partition, it frequently happens that private property thus created is in some way reabsorbed by the Dessa. In other provinces reclamation only confers possession for three or four years, after which it becomes communal property. This work, says de Laveleye, is performed by the richer inhabitants, who alone have the means required for constructing the irrigation works, which are indispensable for the culture of rice. The extent of land held by private owners in Java varies greatly in the different provinces: thus, according to de Laveleye, in the district of Talaga, out of 8884 "bouws,"[1] only 43 are recognised as being private hereditary property; but in Yapara, 7454 proprietors hold 8701 "bouws," and in Rembang, out of 158,425 bouws, 48,185, or nearly one-third, are private property, one-half having been acquired by reclamation carried out by the present possessors, and the other half obtained by inheritance or by purchase.[2] But although the principle of private ownership has obtained a footing in Java, its position is a precarious one. If a proprietor leaves his Dessa, his property reverts to the community.

According to Sir Stamford Raffles, whose knowledge of Java was intimate, hardly one-eighth of the land was reclaimed and occupied at the commencement of the

[1] A "bouw"=71 ares. [2] *Op. cit.*, pp. 53-54.

nineteenth century, and it is estimated that at the present time four-fifths of the country is still uncultivated.

Since the population increases at the rate of from 300,000 to 400,000 yearly, there is always a large number of adults who are unprovided with lots; in the majority of Dessas the lot is continually decreasing in size, and in some districts the peasants consider that at the present time, they have less than a third of the extent allotted to their fathers, the area having fallen to a third or a quarter of a "bouw." It has been proposed to forbid division into lots of less than one-half of a bouw, but in that case a large number of adults would have no portions. Notwithstanding the insufficient size of their lots, the peasants do not dare to emigrate, since they would lose their rights in the Dessa they quit, without acquiring any rights in that to which they desired to go.

The remedy for this evil is reclamation of land, either by individual or collective effort. The obstacle to the first of these methods, is the precarious nature of private property, and the paralysis of energy, produced by the reign of collectivism; the objection to the second, is the difficulty of finding the capital required. De Laveleye proposes that a guarantee of undisturbed possession of their land for thirty or forty years, should be given to those who would carry out the work of reclamation. The suggestion is excellent, but it would involve a serious violation of the principle of collective ownership, and the proposal shows that when the question is one of extension of cultivation, even those who are strongly predisposed in favour of the system of collective property in land, are compelled to suggest recourse, either to private ownership, or to some substitute for or approximation to it.

Collectivism, by diminishing personal responsibility, and by weakening moral restraint, encourages a rapid increase of population, which in Java always presses closely upon the means of subsistence: in 1808 it was reckoned at 3,700,000; in 1863 at 13,500,000; in 1872 at 17,300,000, and in 1897 at 26,335,000. An excessive increase of population, combined with a general want of

foresight and a lack of individual enterprise, are the worst social conditions conceivable, and the effect of the collectivist system of land tenure in Java, so far from improving the condition of the rural "proletariat," appears to be more likely to transform the Javanese into a nation of paupers. It is conjectured that collectivist agrarianism was imported into Java from India: in that country, however, the substitution of an agricultural for a pastoral system was unfavourable to the survival of the collectivist tenure of land, and it is now only to be found in some remote districts. Agrarian collectivism is, indeed, only suitable to a pastoral people, or to people still in the preliminary stage of transformation from a pastoral to an agricultural *régime*, and the collectivist tenure of land was, in fact, on the point of disappearing from Hindoostan when the English took possession of the country.

CHAPTER VI

Land can never have been, strictly speaking, common property. First appearance of social inequality. Features common to all collective systems of land tenure. Causes of the general disappearance of these systems. Claim of nations to their land the same as that of individuals. Modern attempts to re-establish collectivist ownership of land. Effect of proposed nationalisation of land in France. Indemnity or confiscation. Various methods proposed for indemnifying owners. Hypothetical purchase of the land by the English Government. Unearned Increment. Functions of a landowner.

THE preceding description of various collectivist systems of land tenure, shows that in all places they tend to develop into a system of private ownership. If this world is not the result of mere accident, social facts, when found to be universal, must be deemed to be in conformity with natural laws; the presumption, therefore, must be, that this evolution is in accordance with those laws; it is also in harmony with modern civilisation, with the free development of the individual, and with the improvement of agriculture.

When humanity first appeared, no doubt the earth would appear to be common property; but even in the most primitive society, a family, or group of families, would soon regard the portion of land on which they lived as belonging especially to them, and would consider an attempt on the part of others to establish themselves upon it as being contrary to natural law; the mere occupation of land would naturally appear to confer a title to its continued possession, and the family, the clan or the tribe, would soon assert an exclusive right to the area

occupied by them. Land, therefore, can never, even in the earliest times, have been common property, except in a relative sense: it might be so in respect of the individuals of a tribe or clan, but not in relation to humanity generally.

In this restricted sense, land occupied by people who lived by the chase may be regarded as their common property, and with some exceptions the same conditions would continue with pastoral peoples; but when an agricultural *régime* supervened, and a community, relinquishing a nomad life, became settled, then the germs of individual, or at any rate of family, property at once appeared, and amongst all peoples, in all climates and in all times, the house and its surroundings were claimed as the exclusive and hereditary property of the family which occupied them. There are two reasons for this. From the dawn of civilisation, promiscuity of habitation has always been repugnant to men who naturally desire to live with those nearest to and dependent upon them; and in all countries, in the East as well as in the West, we find a strong spontaneous desire for a separate house and for the liberty and privacy of independent family life. This is the first manifestation of individualism, and the origin of private property in early times. So far the claim is the outcome of natural and universal instinct; but there is another and an equitable reason for it: a house is peculiarly the work of an individual man, and he has therefore a just claim to its exclusive possession, as also to the ground immediately adjoining, which he cultivates, and which his labour has reclaimed from the surrounding waste. Private property in house and garden was thus evolved in Asia as well as in Europe contemporaneously with the establishment of an agricultural *régime*.

Private possession of house and garden or "real" property involved the private ownership of "personal" property, which in pre-industrial times consisted merely of the instruments of labour and the products of the soil. The more laborious, more able, or more thrifty members of the community would secure a larger share of this wealth,

and thus inequality of social condition and the consequential differentiation of classes into rich and poor, would soon appear even in those cases where the land, with the exception of houses and gardens, was common property. The poorer people would be compelled to sell their labour to the more wealthy, in return for wages. The hire of labour for wages was no doubt a means by which personal wealth was created, and Lassalle's ingenious theory that it was attributable to slavery is unnecessary; no doubt slavery played a part in the early history of most peoples, and was often merely a form of the hire of labour, but the hire of free and independent labour is amply sufficient to explain the growth of private wealth. The inequality of personal property brought about a like inequality in the distribution of land or real property, since it was natural, and even necessary, in the interest of the community, that, in the allotment of communal land, regard should be paid to the means of cultivation—that is, to the personal property possessed by those amongst whom it was to be divided.

Another cause of social inequality in these distant ages, was the remuneration of intellectual and moral services, with which no society, however rude, could altogether dispense; and thus, the director of the partition of the land, the village administrators and surveyors, and others, having special claims, apart from merely manual labour, would receive larger allotments of land.

It is in this way that, in the nature of things, and owing to the necessities of social progress, inequality of social condition appeared and gradually increased in communities where the system was originally one of complete equality.

The features common to all systems of collective property in land, are these: in the first place, the territory must be very large relatively to the number of the inhabitants, in consequence of the unavoidable imperfection of culture under this *régime;* secondly, the system entails restriction of the liberty of domicile and a kind of adscription to the soil, since those who once leave the community lose their rights; and thirdly, it involves the rigorous

exclusion of strangers. Another characteristic is the slowness and difficulty with which a community can reclaim their waste land when compared with the rapidity with which similar work is carried out by private enterprise. These four points show the restricted and anti-progressive character of this kind of land tenure.

To what cause is the general disappearance of these systems, and the gradual but unlimited extension of the principle of private property, to be attributed, and what is the explanation of the fact that primitive societies have found it impossible to maintain equality of condition amongst their members? It is no doubt true that in certain countries the issue has been precipitated by the action of the feudal system, or by conquest or usurpation—but wherever man exists these conditions are found, and for so universal an effect there must be a universal cause.

The answer is that all social improvement, inventions, the progress of agriculture, and of the arts and sciences, are due to individuals, and not to communities, who can assist but cannot initiate improvements: it is the individual, therefore, who ought to reap the reward.[1] This, then, is the cause to which the creation and extension of private property, the consequent inequality of social conditions, and the decay of collective systems is owing.

If the system of collective ownership of land had never had a trial, it might be maintained that either by ratiocination or by experiment its advantages would have become evident, and that in order to secure this superior *régime* the human race would have gradually relinquished the system of private ownership. But it was the collective, and not the private ownership of land, that was the first

[1] Proudhon has admirably described this phenomenon: "I observe," he says, "that social life manifests itself in a double way—by conservation and by development. The development is effected through the agency of individual energy; the mass is by nature unfruitful, passive, and refractory to innovation. It is, if I may venture upon the comparison, the matrix, sterile in itself, wherein are deposited the germs (of improvement) springing from the individual initiative which represents the male element of a hermaphrodite society."—*Contradictions économiques*, 4th ed., vol. i., p. 223.

system tried, and it was only by slow degrees, in spite of many obstacles, and under the pressure of necessity, of social advantages, of instinct, and of reflection, that the system of collective property was abandoned and that of private property established. Can it be wise to repeat an experiment which has been tried for long ages throughout the world and has everywhere failed? Yet writers in increasing numbers urge that this attempt should be made, and extol what they term the nationalisation of the soil; but the word nationalisation itself shows that what is proposed would be but a half-measure. On what ground has a nation, any more than a family or an individual, a claim to exclusive possession of the land on which accident has placed it? When the Americans interdict their country to the Chinese, the only ground on which they can claim a right to do so, is that of occupation and hereditary possession; but this is the basis of the claim of the individual to his land, and if the claim is bad in the one case it is equally untenable in the other, and "nationalisation of the soil" would therefore be unjust, since it would involve the possession of land by one nation to the exclusion of others. There can be no middle course; either the claim of the individual to his land must be accepted as just, or land must be held to be the common property of the whole human race; and in this case, if the Americans deny their land to the Chinese, they are depriving the latter of their natural rights as human beings.

Advocates of the collective ownership of land belong to different categories. There are avowed and logical collectivists, such as those of the Franco-Belgian school of Colins, and there are publicists with collectivist tendencies, such as de Laveleye, Stuart Mill, and, more especially, Henry George. Leaving on one side the philosophers such as Herbert Spencer[1] and Francois Huet, who, ignorant of facts and lacking experience, were guided solely by speculative reasoning, and showed more or less hostility

[1] [Spencer's opinion upon land tenure was greatly modified in later years. Vide *Life and Letters of Herbert Spencer*, by D. Duncan, 1908, p. 338.]

to the principle of private ownership of the soil, passing over also for the present the more thorough-going collectivists such as Marx and his followers, it will be useful to restate the assertions from which these collectivist theories are derived. The following arguments are common to all these theorists—namely, that every man has a primordial and indefeasible right to the enjoyment of the soil, which, they say, is an indispensable instrument of labour, without which a man cannot support himself, and is merely a slave who exists only by the sufferance of others; again, they assert that the value of land and the return from it increase continually without any exertion on the part of its owner, that this increase is a gratuitous benefaction of nature, and that it is therefore unjust that the possessor should retain the perpetual property in this, which they call an "unearned increment." Another statement urged in support of the doctrine of the nationalisation of land is, that since private property has lost its social character, it has become a privilege without any corresponding obligation, and now fulfils no purpose except the personal advantage of its possessor. These, besides the arguments derived from history, constitute the premises of collectivists, and of writers with collectivist proclivities. It follows, therefore, that any system which it is proposed to substitute for the present *régime* ought to guarantee to each individual direct possession and use of the land, and at the same time ought to secure greater advantages for the community generally — that is, increased production and greater moral satisfaction. These are the objects which, on their own showing, the system advocated by collectivists must realise to redeem their promises and justify their criticism of the existing *régime;* but when their proposals are examined, their inadequacy to secure these ends becomes obvious.

No serious writer would propose to reinstate in its entirety the primitive system of village communal property, with its exclusiveness and its allotment of land by lottery. De Laveleye himself recognises that the early forms of rural collectivism have been destroyed, not by accident or

by extraneous events, but by the inherent force of circumstances and the tendencies of human nature. He says: "It must be admitted that agricultural co-operation will be difficult to generalise. The success of the experiments made at Assington, in England, and on the estate of Tellow, in Germany, was largely due to the influence of J. Gurdon and von Thunen. The ancient agrarian communities were, in fact, agricultural co-operative societies. For basis they had the ties of relationship, family affection, and immemorial tradition; and yet they have disappeared, not destroyed by the hostility of public authorities, but slowly undermined by the sentiment of individualism or egotism, which is characteristic of modern times. Can it be hoped that a sentiment of collective fraternity will develop itself with sufficient force to take the place of family affection and serve as cement for the association of the future? One may hope this will be so, and the difficulties of the present position make it eminently desirable."[1]

To rely solely on hopes and aspirations, and upon so fragile a basis to attempt to reconstruct society, beginning by destroying the system under which civilised humanity has enjoyed so large a measure of material comfort and leisure, and so much intellectual and moral happiness, shows the reckless spirit of a gambler. Neither old traditions, nor family ties, nor religious sentiments have sufficed to maintain intact the collectivist systems of early times; and now, when family ties are less binding and religious feeling is enfeebled, is the permanent reconstitution of these vanished institutions conceivable? These reformers contradict themselves: on the one hand they censure the individualism and egotism of modern times; on the other they can hardly find words forcible enough to condemn, or penalties severe enough to punish associations, such as religious bodies, in which the individual is subordinated to the community, of which he is a member.

Since the ancient systems of communal village property are thus inapplicable to modern life, what is the alternative

[1] De Laveleye, *op. cit.*, p. 249.

proposed? The "nationalisation of the soil" would merely substitute inequality between nations for that between individuals or between communes: a kind of inequality which would be not more, but less justifiable, since the difference between individuals, in respect of merit, is far greater than that between two civilised countries.

If the state proposes to possess itself of the land, it must proceed either by negotiation with the present owners, or by their compulsory expropriation. It is admitted that the present proprietors have a just claim to an indemnity, which would be paid; but, neglecting for the moment the proposed method of payment, how would the state deal with the land when purchased? Two plans are proposed: one is to grant leases to co-operative associations, the other to let to ordinary farmers by auction. No doubt there are other possible systems, such as cultivation under the direct administration of the state, or by the grant of concessions to communes, but the first of these methods is obviously impracticable. The enormous area of France, with its 528,000 square kilometres of land, could not be successfully cultivated by a central official administration. The concession of land to communes appears at first sight to be more practicable, but there are serious objections to this method also. In the first place, there is the natural inequality of productiveness between different communes which could not be satisfactorily met by any adjustment of the rents payable to the state; then there is the ignorance and the subservience to routine so frequently to be found amongst communal authorities; and lastly, there is the danger of the yoke which the mayor or the municipal councillors, if they were sole directors of cultivation or of the division of land and employers of labour, would be able, by the arbitrary use of their authority, to impose upon the citizens, and no one is now so ingenuous as to believe that popular suffrage will always place the most capable, honest, or impartial men in municipal offices. The choice, therefore, lies between the two first-named methods, the grant of leases

to co-operative associations, or to individual farmers. The former has the approval of Stuart Mill, the latter of the Franco-Belgian collectivists. The system of granting leases to co-operative associations of workmen is supposed to receive support from experiments made in England and Germany. A well-known and frequently described experiment is that referred to by de Laveleye of an association founded at Assington about 1830 by a philanthropic landowner, J. Gurdon. He established fifteen labourers on 60 acres of land, each of whom provided £3 towards the necessary capital, Gurdon lending them £400; one of the co-operators, elected by the rest and assisted by four others, directed the work of cultivation. Members were permitted to sell their shares, but only with the consent of the proprietor and the association. The experiment was quite successful, and the area of land occupied was extended to 130 acres. Encouraged by this success, Gurdon started another association under similar conditions in 1854. This also was successful. In this case also the area originally occupied was largely increased, the loan of capital was repaid, and the shares, originally £3, 10s., are now (1884) worth £30.

An organisation often compared to these co-operative agricultural associations, and also quoted by de Laveleye, was instituted by von Thunen upon his property at Tellow, in Mecklenbourg. Here the profit made was divided amongst the workers, each receiving an annual dividend, which on an average for some years amounted to 93·75 fr., whilst some of the oldest members had 500 thalers (1875 fr.) in the savings bank.

The celebrated English economist, Stuart Mill, followed by many contemporaneous writers, strongly urged the extension of these agricultural co-operative societies, but it is doubtful whether, if the system were to become general, the result would be satisfactory. Every one knows that the success of a laboratory experiment is no guarantee of success upon a large scale, and the experiments at Assington and elsewhere were in truth nothing but laboratory experiments, conducted under the most favour-

able circumstances; success was largely due to the influence of their founders, and the evidence they give is quite inadequate to serve as a basis upon which to found a general system; this is thoroughly recognised by the more sober advocates of collectivist ownership. There is indeed no reason to suppose that agricultural co-operative associations initiated without special protection and support, would be universally or even generally successful; but even if assured of success, they would not solve the problem propounded by collectivists. Such associations cannot include the whole of the inhabitants of a country, but only the more thrifty or able, or those who already possess some capital. Some of the members would renounce their shares, the associations would tend to become more and more concentrated, and however numerous these co-operative societies might be, the ideal, that each man should be put in possession of land, could never be realised by their agency.

De Laveleye illustrates his criticism of private property in land, by supposing a shipwrecked man to be cast upon an island already fully occupied, if then the inhabitants refused to admit, that as a human being, he possessed a natural right to a share of the land occupied by them, their only course, according to de Laveleye, would be to throw him back into the sea. In this case it would make no difference to the castaway whether the island was owned by private individuals or by an association of individuals. There would, however, be no necessity to condemn him to death; he could gain his subsistence by working for wages, and if able bodied and thrifty he would have a chance of owning a piece of the land to a share of which he had in vain urged his natural claim as a human being.

There are therefore two objections to a system of co-operative agriculture—one that its success is uncertain, and the other that it would produce a privileged class, quite as exclusive, if not more so, than the class of individual proprietors; it should be added that whilst this latter class is essentially mobile and entrance to its ranks is always

open to every one who possesses courage and intelligence, or who is thrifty, it would be far more difficult to obtain admittance to a co-operative association.

In what way, then, would it be possible to establish a collectivist system of land ownership? No one would now propose direct cultivation by the state, nor indeed is this plan approved of by collectivists, a majority of whom advocate letting the land to individual farmers for the benefit of the community, a system which at first sight appears to be both simple and easy of application: its advocates go so far as to assert that the establishment of such a system would not affect the general organisation of society, and that it would involve no difficulty of administration: the only change would be, that farmers would pay their rent to the state instead of to the private owner. If, however, this system would cause so slight a disturbance of the existing social organisation, how could it be expected to effect the great results claimed for it, and satisfy the alleged moral and material requirements of humanity in respect of the soil?

An attempt has been made to demonstrate that possession of land is necessary for every one, and that without it no true liberty can exist. On these grounds private property in land stands condemned; but what would be the probable effect of the system it is proposed to substitute for it? In France, the land which to-day gives occupation to about 20,000,000 human beings, of whom some 7,000,000 or 8,000,000 at least are proprietors,[1] would then be cultivated by the farmers of the state. How would the general condition of the peasants

[1] According to the *Bulletin de statistique et de legislation comparée*, issued by the Ministry of Finance in May 1883, p. 601, the total number of rural proprietors (excluding house property) in France was 8,454,218 in 1879. The Agricultural Enquiry of 1892 (2nd part, p. 249) gives the number of owners who cultivate their own land as 3,387,245: to this number must be added that of the owners who are not themselves cultivators and that of the members of the families of both classes, making a total of from 14,000,000 to 15,000,000 persons.

be ameliorated by this change? Those who are now proprietors would be so no longer, and admitting that from a pecuniary point of view they would not be losers, they would suffer morally by the loss of the land which they had loved and cultivated with so much care. As to the remainder of the rural population, they would be no more owners of the land than they are now, since it is merely playing with words to assert that every one is a proprietor because the whole of the land belongs to the state of which he is a citizen. With the exception of those who became tenants of the state, the millions of agricultural labourers would have no other means of subsistence than as wage earners: they would work for state instead of for private farmers; in what way would their condition be improved by this change? Their position, on the contrary, would be altered for the worse; none of these labourers would have his own plot of ground which he could cultivate when unable to obtain employment, or after his day's work on another's land, and since the number of farmers would be greatly diminished, the competition for his labour would be less.

This so-called reform would therefore be of no direct benefit to the rural population considered as a whole. Would there be any indirect advantages to compensate for this defect? It is impossible to maintain that production would increase under such a *régime* more rapidly than under the present system, and the principal, indeed the only possible gain, would be that the state might, as owner of the soil, be able to remit all taxation except that paid in the form of rent by its farmers. No doubt we are assured that under the proposed system every citizen would possess "an ideal freedom of enjoyment of the public land," but since no one could use a spade, or appropriate a metre of land, for growing his vegetables, or even walk in the fields without the permission of the farmers of the state, this "ideal freedom" can hardly be looked upon as a material advantage, and remission of taxation would be feasible only if the state were to

expropriate the proprietors of land without compensation.

No writer of any position, however, advocates a spoliation so odious, which would throw society back into barbarism. De Laveleye, Schäffle, Marx, and George, all admit that private owners have a right to indemnity, and differ only as to the nature and amount of the compensation, and the method of providing it. If the state were to indemnify the present proprietors fully, paying them the present value of their land, what benefit would be derived from the transaction? Fawcett, an English writer, shows that no profit would accrue to the state unless it were able to borrow the amount required for purchase at a rate of interest less than the current rate obtained by the capitalisation of land values. A simple calculation shows that purchase by the state in 1884 would have involved considerable loss. Land in western Europe, free of all charges for rates and taxes, repairs, etc., does not bring in a return more than from $2\frac{1}{2}$ to $2\frac{3}{4}$ per cent., or in rare cases 3 per cent., on the cost of purchase. England, the state which is able to borrow on the most favourable terms, has rarely been able to issue a large loan under 3 per cent.: other countries pay from $3\frac{3}{4}$ per cent. up to 5 per cent. and even to 6 per cent. A loan under such exceptional circumstances, and for so huge an amount as would be necessary, could only be negotiated at a rate of interest considerably higher than that current at the time, and thus the interest payable upon the purchase money would be greatly in excess of the revenue receivable from the land purchased. The state would therefore suffer a considerable loss, and, so far from being in a position to remit taxation, it would be compelled to increase it. The operation would, however, be practically impossible; the capital required does not exist in an available form in any country, and apart from the issue of paper money, a course which no doubt would be adopted in some countries, with the usual well-known result, the only feasible means of payment without

borrowing from the public, would be to assign to each landed proprietor a rent charge equivalent to the net revenue of his estate; but if this were done, the community would not only gain nothing, but would be burdened with the cost of supervision and office expenses, and would not be in any better position with regard to the remission of taxation. Some prudent souls there are, who—although they do not admit the existence of all these difficulties still have some intuition of them—suggest various expedients for evading them, such, for instance, as that of terminable annuities. Schäffle suggests that the indemnity should consist in giving the proprietor a plethora of commodities, "une richesse suffoquante de moyens de consommation," for a term of years. If this plan were adopted, the state at the end of the term would be in possession of the land free from all charges, and would be then able to remit taxation. There are, however, numerous objections to such a scheme. If the state were to convert the perpetual revenue derived from landed property into a rent charge for a fixed term, it would commit an injustice; and where would be the gain? Although no doubt a nation may be considered as having a perpetual existence, it is, in fact, a succession of generations, no one of which ought to be sacrificed to another; but under this plan the citizens living during the period which intervened between the date of the expropriation of the owners and the expiration of the term of years, would suffer severely, not only from the tremendous disturbance which so profound a change in the system of land tenure would produce—a disturbance which would last for many years—but also from the great cost of providing the necessary administrative machinery.

Some writers suggest an expedient for hastening the time when the state would derive full benefit from the purchase of the land; this plan is explained with much frankness by Gide:[1] it consists in first imposing a tax equal to the whole net revenue, and then excepting from its

[1] *De quelques nouvelles doctrines sur la propriété foncière*, by Charles Gide, 1883, p. 16.

incidence such portion of the amount as the proprietor could prove to represent the interest and sinking fund of capital sunk in the development of the land, but always under the condition that only such outlay should be taken into account as could actually be verified. Thus, supposing an estate to return a net rental of 5000 fr., the tax would be 5000 fr.; but if the owner could prove expenditure of capital amounting to 50,000 fr., then 1000 fr. for interest at 3 per cent., and 1000 fr. for sinking fund, together 2500 fr., would be deducted, and the tax would be reduced by that amount. This procedure would no doubt be a convenient one, but it is open to criticism on two points. It will be noticed that interest is arbitrarily taken at a lower rate than that usually obtainable on first-rate securities, and no allowance is made for forced purchase, or for the loss of those amenities of possession which now induce a landed proprietor to be content with a small return on his capital. The reason is obvious: if a higher rate had been fixed, there would be many cases in which the amount chargeable against the state would be considerably in excess of the net rent of the land—a result which would be disastrous for the state, and which it is thus proposed to evade by what is, in fact, downright robbery. The other criticism is this: What justification is there for the limitation of indemnity to such expenditure of capital as can be actually verified—a restriction which would practically confine it to the amount expended by the actual and immediately preceding owners? Here, again, the object is to avoid loss to the state; and the necessity for such a limitation is practically an admission that the interest on the capital expended on an estate from the time when it was first reclaimed or taken over from the community, would, in the majority of cases, exceed the return from it. How is it that land has a selling value, and by what is it determined? At some time or other, near or distant, vacant, uncultivated land has, with the express or tacit consent of the community, been appropriated, enclosed, and cultivated by an individual; if sold by him, or his immediate successors, the value of the labour and capital expended upon this

land would necessarily be taken into account in the price paid for it. It is the same at each successive sale: useful and durable expenditure must always be an element in the price paid by a purchaser, without regard to the period when the expenditure was incurred. Why should the state, in defiance both of common law and common justice, alone be relieved, as a purchaser, from this condition? The answer again is: that unless the state were to act thus, the transformation of private into collectivist property would bring no advantage, but rather a loss to the community. At this point it may be objected, that in making these criticisms no account has been taken of an important consideration—namely, the natural, spontaneous, and unearned increment of the soil, a gift of nature, of which the proprietor obtains the advantage when he sells his land. This variable, and as a rule insignificant, element of value has already been referred to, and will be again considered further on. The scheme now under consideration, however, deserves rejection not only as being immoral and unjust, but also as being contrary to public policy, since it would constitute so grave an attack upon personal rights, that all contracts would become insecure; and the spirit of thrift and initiative, in all branches of social activity, would be stifled by the dread lest the state, arbitrarily fixing the amount of indemnity, should one day lay its heavy hand upon all commercial and professional incomes.

Of all the schemes suggested for establishing a system of agrarian collectivism without resort to forcible expropriation, one of the most ingenious is that proposed by Gide.[1] It is, that the state should offer proprietors an immediate payment for their property, possession to be given at the end of ninety-nine years. Gide thinks that such a proposal would be readily accepted, and that since ninety-nine years is for each individual practically equivalent to perpetuity, the offer would be looked upon as a gift, and therefore that the price demanded for the land would not be exorbitant. The state would thus secure the land on

[1] Gide, *op. cit.*, p. 22.

moderate terms. Gide could discover only two objections to the scheme, one being that collectivists would consider the realisation of their hopes to be too long delayed, the other, that it is open to criticism on the ground of morality, in that it proposes to take advantage of the want of prevision and the selfishness of men in order to despoil their descendants.

This scheme, ingenious as it is, is unsound from a psychological point of view, and consequently as a basis of calculation for indemnities. To believe that man, himself shortlived, is indifferent to the future, is to misunderstand human nature and to ignore the facts of daily life. A man in the prime of life will purchase the perpetual concession of a place of sepulture. The records of insurance offices and family settlements prove that the desire to secure to children or to relatives and their descendants in perpetuity, the possession of property amassed or inherited by the individual, is common to all humanity, and is a potent influence in determining human action. It is a strange illusion and an insult to human nature to imagine that men are at once so rapacious and so shortsighted, as to be tempted by a small immediate bribe to exchange a perpetual tenure for a ninety-nine years' lease. It would indeed be necessary to increase the amount offered very largely in order to overcome the disinclination of proprietors to accept it; and if increased to a sufficient amount, it would impose a crushing burden on the state for ninety-nine years, on the vain pretext that at the end of this period taxation would cease. It would be far less costly to establish a sinking fund for the reduction of public debt, by means of which in thirty or forty years the budget might be very materially reduced. A further difficulty which this scheme would encounter lies in the exaggerated idea which owners have of the value of their property—always far in excess of that which it would fetch at a forced sale—and since under this scheme the price is to be settled by consent, this conviction would seriously affect the amount to be paid by the state. Another, and not the least, objec-

tion to the scheme, is that proprietors, when transformed into tenants, would be keenly alive to the progressive diminution of the term, and, as it drew near to the end, would cease to perform all but immediately necessary work; the decay of agriculture would thus proceed at an accelerating rate. If the state were to attempt to provide against this by agreement, the necessary arrangements would be extremely complicated, and it would in any case be difficult to induce the possessor of a rapidly expiring tenancy to devote real and efficient care to property so soon to pass from his possession. A last and fatal objection to this arrangement under which a limited tenancy is to be given in exchange for a freehold, is that the poorest peasant, as well as the richest proprietor, would feel that in giving the state—capricious and arbitrary, but always irresistible—rights, however remote, over his land, he would be taking a course fraught with the gravest possibilities, and would feel that a far higher inducement than that offered would be no adequate compensation for risks which although indistinctly understood would be vividly present to his imagination.

Amongst the many schemes for the conversion of private property into common property, there is one which seems at first sight to be both simple and practicable, and which has the approval of de Laveleye, Stuart Mill, and many other publicists: it is neither more nor less than the restriction of the right of succession to the sixth or seventh degree of relationship. Cremieux, a member of the provisory government of 1848, advocated restriction of succession to the issue of cousins-german; others went further and proposed that cousins-german themselves should be the last in the line of succession. It would be possible to go further in this direction without securing any but the most insignificant results. Unless the right of testamentary disposition of property were annulled, those who had anything to bequeath would take care that it should not be absorbed by the state. If, however, testamentary disposition were not permitted, grave evils would at once arise, evasion, gifts during life, investments

in life annuities, the abandonment of thrift, and the premature cessation of efforts to acquire wealth—in short, the result would be the diminution of natural production and capital.

Another plan suggested, is to increase the succession duty payable by collateral descendants. In France these duties have been very high since 1901, amounting to from 14 per cent. to 18½ per cent., or with stamps and other expenses, to as much as 20 per cent. In 1900, with the duty at from 8.22 per cent. to 11.25 per cent., 141,000,000 fr. were received. Supposing this duty were doubled, and that the receipts increased in the same proportion, the state would receive an additonal 150 to 160 millions annually. In this case, since the land in France is valued at from 110 to 120 milliards of francs, it would require six or seven centuries to complete the total absorption of the land by the state; but it is very improbable that so large an additional return would be realised, since as too high a duty encourages smuggling, so would too heavy a succession tax lead to its evasion. If the state, as is suggested, were to employ the money thus obtained in the purchase of land, its selling value would be increased to an extent proportionate to the sums thus disposed of, and from the point of view of return upon capital expended, the operation would thus become continually less and less efficacious. The imposition of heavy taxes on successions does not appear to be worth while, in order to secure an end of such questionable utility, and one which might be attained in other ways and without a delay of many centuries.

It is maintained that whether the state buys the whole or only a part of the land, it would receive the "unearned increment," which now goes to swell the revenues of the owner without effort on his part. Facts have shown, however, that this phantom of "unearned increment," which still haunts the minds of many economists, has no real existence. It was Ricardo, whose brain was fertile in abstract ideas, who invented the famous law from which his mystified disciples drew

the inference that revenue from land would increase spontaneously and continually.

If the earth were fully inhabited, and all land capable of cultivation were fully cultivated—if the art of agriculture were no longer able to add to the productiveness of the soil, and if all these conditions were to occur simultaneously, then no doubt the rent of land would continually increase, and the phenomenon of "unearned increment" would become a normal incident of the ownership of land; facts, however, lend no support to this imaginary conception. In the *Essai sur la répartition des richesses*,[1] it has been shown that in France the total increase in rent from 1851, or even from 1821 up to 1884,[2] was barely equal in amount to the interest calculated at the average rate of investment on the fresh capital which during this period had been sunk in the land. Suppose that in 1815 or 1820 the English parliament, misled by the Ricardian theory of rent, had bought up all the land in the United Kingdom, and relet it to farmers, in the belief that the constant and spontaneous increment on the land would make it possible, without inflicting loss on any one, to increase the national revenue from rent at the expiration of the leases, say in fifteen or eighteen years after the completion of the purchase; at this date, however, agriculture was in a very depressed condition, and the tenants, far from agreeing to an increase, would have declared a reduction of rent to be absolutely necessary to save them from ruin. The state would have been compelled to grant a reduction of from 10 per cent. to 20 per cent.,[3] and the loss sustained, although theoretically quite incorrect, would have been a real one, which it would have been necessary to meet by the imposition of increased taxation: disgusted by this experience, the

[1] P. Leroy Beaulieu, *op. cit.*, chapter iii.

[2] The first edition of *Le Collectivisme* appeared in 1884.]

[3] This, in fact, is, according to the trustworthy evidence of Porter, the actual average of the reduction of land rents from 1820 to 1840.

state would probably have abandoned the collectivist system, and would have re-sold the land to private persons. After the lapse of a further twenty-five years, rents, which had decreased between the years 1820-30 and 1840-50, began to rise. Suppose, then, that Stuart Mill, a writer of singular penetration and sagacity, but of all men one of the most ignorant of the facts of every-day life, had urged the state again to purchase the land, on the ground that the first experience had been made under unfavourable circumstances, and rendered abortive by accidental causes, such as the development of maritime commerce and the abolition of the corn laws, but that the natural and spontaneous increment of land had re-asserted itself, and would continue in future in conformity with economic law, and suppose that the state, persuaded by the tenacity with which Stuart Mill and his disciples proclaimed their conviction, had again purchased the whole of the land about the year 1860. For the first few years all would have gone well, leases would have expired and have been renewed at an increased rent, but during the period 1875-80, owing to a variety of causes, an agricultural crisis, both intense and of long duration, again supervened, and the state would once more have been compelled to reduce the rents in many cases by 10 per cent., more often by 20 per cent., and in some cases by as much as 30 to 40 per cent., with a resulting loss of revenue, which would have amounted to many millions sterling annually. Thus the purchase of the land by the state, so far from making it possible to reduce taxation, would have made a large increase unavoidable. Although the case is merely supposititious, it cannot be denied that if, under the influence of Ricardo or Stuart Mill, the English state had purchased the land, this is what in all probability would have happened. In France it would have been the same. Suppose that the revolution of 1870, in place of having been, as it actually was, the result of a military catastrophe, had been brought about by a social movement, and that the state believing, upon

the authority of Ricardo, Stuart Mill, and other economists, that it might safely count upon the profit arising from the spontaneously increasing value of the soil, had purchased the land, and that the operation had been completed in 1875. The state would have awaited with impatience the termination of the first leases, before which time it could realise no profit from its purchase; but the loss on vineyards, owing to the phylloxera in the south, bad seasons, low prices, and foreign competition in the north, would have made it impossible to renew the leases except at a reduction of rent, and the state would have been obliged to impose fresh taxation to supply the hundreds of millions of francs lost annually by its rash adventure. Experience shows that this would have been the course of events. It may be objected that the circumstances were accidental—even so, they ought to be taken into consideration; but can it be said that they were in any true sense accidental?

The dogma of "unearned increment" is not founded upon general observation: it is but a figment of the brain of certain philosophers, who have assumed that a fortuitous combination of circumstances existing at one moment of history was a normal condition. The earth is limited in extent, they said, and the human race incessantly increases: therefore the value of the produce of the earth must continually rise. Of the two terms of this proposition, the first alone is certain: the earth no doubt is limited, but nearly one-half of it is but thinly inhabited and hardly explored. Even when the whole world is peopled with an average of eighty to a hundred inhabitants per square kilometre (which is greater than the present density of the French population), there is no certainty that the rent of the land would go on increasing; the continuous increase of population, which it is the custom to consider as being the law of nature, may well be only a transient historical fact. It is no longer possible to speak on this subject with the certainty of Malthus; since his book was published, two phenomena have occurred—the almost complete stagnation of the

French population, and that, almost equally complete, of the Anglo-Saxon inhabitants of the United States. What certitude is there that other nations will not fall into a similar condition? Who can guarantee that when well-being has been universally developed, and democratic ideas have spread, the fecundity of all the peoples of the world will not be either naturally or artificially restricted? The various causes which preclude a continuous rise of rent are fully described in the work to which reference has been made;[1] it is sufficient here to refer to one only —the improvement of agriculture.

Every proprietor who improves his land is unconsciously assisting to lower rent. Supposing that all owners were simultaneously to effect so great an improvement as to double the produce of the soil, prices would fall, and rents would have a tendency to diminish. Who can assign any limit to improvements and fresh discoveries in the art of agriculture? If, then, a material increase in production were to coincide with a slackening of increase of population, would not the necessary consequence be a reduction, not only of rent in the theoretical and abstract sense, but in the total revenue derived from land, including the interest on the capital invested in real estate? In buying land, therefore, in the hope that a continuous increase of return from it would make the operation a profitable one, the state would be undertaking a very hazardous speculation, which, at any rate during the two periods referred to, would have proved the reverse of profitable, and which in the future, near or distant, offers no better prospect of success.

What has been said of rural, is also, but in a less degree, true of urban property. It is a maxim that land in cities continually increases in value, and its truth is illustrated by reference to great cities, such as Paris, London, or New York. Whether such a statement is permanently true or not in respect of these cities must depend upon the indefinite continuance of the increase of

[1] *Répartition des richesses;* and see also, *Traité théorique et pratique d'économie politique*, P. Leroy Beaulieu, 3rd ed., vol. i., pp. 741-75.

their population and prosperity, a supposition for which history affords no support. Side by side with cities that have risen, we find those that have fallen. Florence and Venice are but moderately prosperous, and Rome has never regained the population of the palmy days of the Empire. History abounds with the names of majestic cities which have altogether disappeared, or are now represented only by little boroughs. Apart from political catastrophes, many causes may contribute to impede the increase of great towns, or to convert their progress into retrogression. Again, the economic forces which create prosperity may lose their energy or cease to be; no doubt the continued growth of great cities during the next half-century, or even longer, is probable; but vicissitudes must be expected: and to say that one or two hundred years hence Paris will still be growing and house rent still rising, would be a mere guess; indeed, the continual improvement in locomotion makes a contrary supposition more likely to be correct. Apart from other reasons, therefore, the state would incur a serious risk, if, relying upon a hypothetical increase of value, it were to purchase house property in cities.

In attempting to put the state in the place of the individual owner, and to transfer to the former the functions proper to the latter, the true economic position of a proprietor is lost sight of. A private owner is guided by one simple rule—his own interest—which is, to let his house to the best advantage; but the state occupies an entirely different position: it is not like an individual, autonomous and free, and accountable only to himself; it is, on the contrary, an extremely complex being, whose actions are determined by motives which are both numerous and embarrassing. The more complete the change from an absolute to a democratic form of government, with rulers popularly elected for short periods, the more unsuited does the state become for the new function it is proposed to assign to it. The governing body in a democracy is not a permanent entity which represents the whole nation: it is merely the mouthpiece of a party

temporarily in a majority, by which it is appointed, and whose interests it furthers with but little scruple. To say that a government thus created can be impartial, is a contradiction both in word and in fact. It is swayed by many impulses, of which the most potent are not those which represent the interests of the nation as a whole, but of the majority of the electorate for the time being. Thus conditioned, the state cannot adequately perform even the limited functions of a great private owner, such as the Duke of Westminster; it is less sure of its employees, and its administration is far more open to corruption, especially of that insidious kind which consists not in gifts of money but in favouritism.

Modern democratic administration is essentially negligent and partial, and these defects are not transitory, but inherent in its nature; concentrated and permanent authority, such as that of the Prussian monarchy, would indeed be less ill adapted for the *rôle* which collectivists desire to confer on the state.

The duties performed by a good landowner are many. It is an error to imagine that all he does is to collect his rents and renew his leases, although this demands both intelligence and judgment. His proper function is that of a guardian, whose task it is to watch over and protect the permanent interests of his property, and to carry out improvements, profitable only in the future, such as the reclamation of land, afforestation, etc. It is by a proprietor only, that such work can be efficiently performed; and his estate prospers or deteriorates, according to his zeal and intelligence, or his negligence and ignorance. In other ways a proprietor fulfils a useful *rôle* by making advances, when needful, to his farmers, by remission of rent, or by granting extension of time for payment; and being, as a rule, better educated, and having wider views than his tenants, he is able to assist them by advice and suggestions.[1]

[1 The following extract from a recently published book affords a striking example of the improvement of a district by an intelligent and liberal proprietor :—

A comparison of the condition of the estate of Holkham, in Norfolk,

To affirm that owners everywhere perform these duties, would be to assert a condition to be universally, which is only generally, true; it is, however, their proper business,[1] and requires close attention to small details and the keeping of complicated accounts; it is a task which it would be impossible to perform under strict and meticulous regulations, and in working, it offers great opportunities for favouritism, corruption, and collusion. The state, therefore, with its official personnel and its pedantic and uniform rules, would be quite incapable of performing it with success.

In Java, where state cultivation is carried on upon a very large scale, the sugar and coffee plantations cover 203,460 hectares, and give employment to about 2,000,000 souls. From these estates, in addition to land rents and the produce of the mines, the Dutch Government received in 1871 a net revenue of 25,688,000 florins, or 51,000,000 to 52,000,000 fr. De Laveleye quotes these figures as an instance of the advantages of collective ownership; but the cultivation of sugar and coffee is of a very simple nature, and the labour required is consequently of a uniform and industrial character, differing widely from the

in 1776 (when it was a barren and treeless waste of gravel, shingle, and sea marshes) and 1818.

1776. Rental £2200.	1818. Rental £20,000
No meadows.	Grass fields and water meadows.
No wheat produced.	Rich fields and large sales of wheat.
No trees.	Forest of 3000 acres. Annual tree felling £2700.
Population under 200.	Population 1100.
Supported by poor farming, poor rates, and smuggling.	All earning their living.
Workhouse always full.	No paupers; workhouse pulled down.

—*Coke of Norfolk and his Friends*, A. M. W. Stirling, 1907.]

[1] Proudhon says: "To occasion the failure of the agricultural industry in most places, or at least to arrest its progress, it is perhaps sufficient to convert the tenants into owners."—(*Contradictions économiques*, vol. i., 4th ed., p. 185).

diverse methods of cultivation which are necessary in Western Europe. It must also be noted that the population in Java is, if not actually servile, destitute of independence, and, intellectually, of so low a type that the foreign overseers and native chiefs find it possible to enforce severe discipline without encountering resistance. The prosperity of Java, moreover, has not continued without breaks, and at the present time appears to be decreasing.[1] It is evident that the Javanese system of collective property, supported as it is by forced labour, is far from offering a model for introduction, still less for general adoption, in Europe.[2] Nor is the successful administration of the church funds in England, which amount to 31,000,000 fr. (£1,053,000), an example in favour of collective as opposed to individual ownership. There is an essential difference between a system under which property, although collectively owned, is managed in the same way as private property, and a *régime* under which all property is owned by the state. The managers of great co-operations or joint stock companies always have greater liberty of action than the servants of the state; they are subjected to less rigorous and less uniform regulations, and are selected with more regard to their technical competence than the officials of a democratic government; and thus, as might be expected, experience has shown that when property has passed from collective ownership into private hands, it has in most cases increased both in capital value and in revenue.

Another instance quoted by de Laveleye—that of the Austrian society of state railways known as the "Staatsbahn"—is no more conclusive. This society possesses in the "Bannat" an estate of 130,000 hectares, and is said to have developed agriculture, opened coal and other mines,

[1] See *De la Colonisation chez les peuples Modernes*, 5th ed., p. 274 *et seq.*, Paul Leroy Beaulieu.

[2] States which possess landed property or land rents, find these sources of revenue a cause of much financial embarrassment; thus, the fact that the land tax is the principal impost in India, causes great difficulty in framing the budget. See de Laveleye, *op. cit.*, p. 358.

regulated the use of forests, established factories, and to have increased general production considerably. This may be, but the fundamental dissimilarity between a corporation or company, however large, and the state, remains the same; the spirit which animates the one is essentially different from that which directs the other. The officials of a prosperous society, who feel secure in the permanence of their position, and who are often able to transmit their functions to their sons, insure stability of direction, in place of the instability and want of elasticity of the administration of a modern democratic state. All comparison, therefore, of private associations, however vast, with state administration, is essentially defective and misleading; but although more efficient than the state, the best administered association is but an indifferent manager of rural property. In the instance referred to, the 130,000 hectares of rich soil possessed by the Austrian society ought to return at least 6,000,000 to 7,000,000 fr. net revenue; but in 1880 the total net revenue shown by the accounts of the company was only about 2,000,000 fr.; nor was even this revenue, so far as regards the larger part of it, derived from agricultural property. The foundries which produce rails and machinery, of which the society is purchaser as well as producer, supply the larger part of the revenue, and agriculture cannot be credited with a return of more than about 10 fr. per hectare.[1] In Algeria there are many societies holding vast estates under concessions which for the most part are gratuitous, and which have been worked for twenty to thirty years. These estates give but a very small return, and it seems probable that the greater part of them will end by being sold to private owners.

Sufficient evidence has now, it is believed, been adduced to prove that eulogy of the collectivist ownership of land is founded upon imperfect observation and false analogy.

On the other hand, is it possible to maintain that a

[1] See the *Revue Économique et financière du* 8 *juillet* 1882, p. 484, "Report of the Imperial and Royal Austrian Society of State Railways."

single one of the chief complaints against private ownership is well founded? or to uphold the assertion that it has now lost all social character, and exists only for the benefit of the owner? It is no doubt true that the duty of acting as the pioneer and guardian of the rural population no longer falls upon the owner of land. It is also true that the spirit of democracy has diminished his sense of moral responsibility as a proprietor, and his readiness to accept it, whilst at the same time it has weakened the old habits of deference and the willingness of the peasants and labourers to accept his guidance; but it does not follow that private ownership has therefore entirely lost its social character, and exists only for personal advantage. It still continues to be of the greatest advantage to the community, because it is by means of this system alone that the best results can be obtained from accumulated capital, and acquired knowledge, for the improvement of agriculture and the productiveness of the soil. The interest of the owner is almost always identical with that of the consumer. Maximum net revenue in nearly every instance is in direct proportion to maximum gross revenue; in fact, an estate is productive only when cultivated. Instances may no doubt be found which appear to invalidate the truth of these assertions. Marx lays much stress upon the existence of the great sporting estates in the north of England and Scotland;[1] but these exceptions, the importance of which he greatly exaggerates, and of which no examples are to be found in France, are not attributable to a freely organised system of private property: they are the result of the laws of entail and of administration by trustees—that is, of conditions which are quite opposed to modern doctrines of private ownership—and there is nothing to hinder the government from passing measures to remedy inconveniences arising from this cause, should they be found excessive.

Some so-called abuses of the rights of private ownership, although apparently detrimental, are in reality

[1] "Verwandlung von Ackerland in Schaftriften und von Schaftriften in Jagdrevier," Karl Marx, *Das Kapital*, p. 761.

advantageous to the community—such, for instance, is the case of the enclosure of large areas for private parks which to the thoughtless appears to be an intolerable grievance; but it is of considerable public utility that a certain number of such enclosures should exist in every district. In addition to the preservation of the picturesque aspect of the landscape, the country is by this means protected against the total destruction of the forests and consequent danger of drought; water-courses are regulated, birds, the destroyers of insect pests, are preserved, and each of these oases of turf and trees constitutes a centre of freshness and fertility for the surrounding area.

In another way, again, private ownership, although deprived of all political influence, retains its social character. Whether intentionally or not, a large proprietor acts as a teacher and an initiator by whose example and experience the surrounding population profits. Hereditary succession no longer secures for spendthrifts the continued possession of great estates, which in such cases generally pass into the hands of manufacturers, merchants, or professional men, who have made their fortunes, and who represent the energy and enterprise of their country. Such people take a pride in improving the property they have acquired, and their advent has a beneficial effect upon the rural population. They compete for tenant farmers, who in their turn compete for workmen, and as a result the labourers obtain higher wages than they would be likely to obtain from a single proprietor free from all competition, such as the state would be, if owner of the whole of the land.

Thus, an accurate observer, in place of finding that a proprietor obtains a continuously increasing revenue from his land, is led to the conclusion that of the three classes composing the rural population, the labourers have benefited most during the last century, then the farmers, and lastly the proprietors, who as a whole, have not, since 1821, and especially since 1851, received in the form of increased

rent even a moderate interest upon the capital they have expended upon improvements during that period.

All these facts, which are indubitable, are ignored by the advocates of the collectivist ownership of land. Their doctrines are, in fact, founded only upon mental conceptions, or rather hallucinations.

BOOK II

CHAPTER I

Industrial collectivism. Marx and Lassalle. Definition of capital. "Les liens sociaux." Use of "money." Capital not the result of saving. Lassalle's explanation of origin of capital.

So far our criticism has been confined to collectivism as applicable to "real" property; it will now be considered in relation to industry. In this connection, the German writers, Lassalle, and especially Marx, call for attention. Their proposal, subject to some variations, is that all means of production should be acquired by the state, but that private ownership of objects of consumption should still be permitted, and that individuals should be allowed the free determination of their personal requirements. On the constructive, or positive side, this doctrine has many lacunæ, and reveals wide differences of opinion between these authors; Schäffle alone amongst collectivist writers has attempted to give definition and consistency to this collection of ideas and aspirations.

Before examining the positive measures which are proposed by collectivists, we must refer once more to the negative aspect of their criticism, on which side their ideas are far better defined and more fully expressed. The two main points to which their researches and arguments are directed are, the nature and origin (1) of capital, and (2) of industrial gain. The first of these is the subject of *Das Kapital*, by Marx, and the second is dealt with by Lassalle, in his book *Herr Bastiat, Schulze de Delitzsch, der Œkonomische Julian.*

It is asserted that economists are altogether mistaken in their conception of the nature and origin of "capital"

and of industrial gain; they are accused of having constructed an abstract and conventional system of political economy, expressed in formulæ which have no real existence outside the minds of certain thinkers, and which are repugnant both to historical development and to the existing condition of society. Political economy, they say, treats men as if they were isolated and autonomous beings responsible for the economical results of their own acts. Thus, a man works and makes a profit; he saves part of his income and amasses "capital"—that is, he creates instruments of labour and stores up raw material or provisions; in co-operation with others he organises industry; he speculates; and, being wise and far-seeing, he is rewarded by success.

Such, they say, is the conception of economists; but according to Lassalle and Marx, it is false and fantastic. Under existing conditions, they assert, individuals are not economically responsible for their own acts; one man reaps where he has not sown, whilst another sows but obtains no return; and this perversion of justice is not exceptional, it is the rule.

The condition which really governs the economic world is, says Lassalle, "les liens sociaux," which he describes as resembling the brute forces of nature, and as being agents of destiny, who make sport of the vaunted freedom of humanity, and deprive it of liberty and moral responsibility. Capital, he declares, is created neither by labour nor by thrift, but by "les liens sociaux." Men are tempted to speculate, relying upon their divination of future events; but since future events which cannot, are always more numerous than those which can, be foreseen, the more speculation is guided by calculation, the greater is the probability of failure. It is also asserted that the influence of external and uncontrollable circumstances is greater or less, in proportion to the extent to which the labour of individuals is employed in the production of "values-in-exchange"—that is, commodities for the use of others—or of "values-of-utility" for their own consumption. Socialists attach great importance to the fact

that the production of "values-in-exchange," in place of "utility-values," is continually increasing, and assert that economists are far from appreciating the significance of this evolution.

Thus to the abstract theories of economists, the German socialists oppose what they term the concrete aspect of the world. All wealth, they say, is derived from "les liens sociaux"—that is to say, from "luck"—but wage earners are excluded from participating in the game of speculation, since they have no capital wherewith to provide the necessary stake.[1]

Lassalle does not deny that in certain circumstances wages may increase, but he says that this increase can only be temporary and of insignificant amount. If a cycle of trade prosperity lasts but a short time, the determined opposition of employers to any increase in the cost of labour has to be encountered, whilst if it is of longer duration, the increase of population, by adding to the supply of labour, soon reduces the wage rate to the old or even to a lower level.[2] On the other hand, when there is industrial depression, the effect is an immediate reduction of wages and a diminution of work, which falls with crushing weight on the wage earners; thus chance and the violent fluctuations of the market destroy all liberty of work and all personal economic responsibility. Lassalle enunciates this as if it were a principle, almost an axiom; he then deals with the definition which Schulze de Delitzsch gives of capital, and of its formation:—One man produces cloth, another clothes, another grain, and each one exchanges his surplus product with others. In this way, says Lassalle, political economy represents men as being autonomous producers; but nothing can now be more untrue. The small and independent producer no longer exists; no one now produces what he himself consumes. This used to be

[1] Ferdinand Lassalle: *Herr Bastiat, Schulze de Delitzsch*, traduction de B. Malon, p. 51.

[2] It is worthy of remark that all socialists are disciples of Malthus, or rather, avail themselves of his theories in their attacks upon political economy and modern social conditions.

the case in the middle ages, but now there is nothing but socialised work, and no one exchanges his surplus production for the necessaries of life; on the contrary, whilst the distinctive feature of labour in former times was that production was mainly for personal use, and only the surplus was disposed of, the distinctive feature of modern labour is that each workman produces "values-in-exchange," which he cannot use, in place of "values-in-utility" for his own consumption. It is this which is the origin of the vast wealth and the vast property of the present day; this it is also which has created the cosmopolitan market, with its consequences, surplus population, commercial crises, stagnation of trade, and unemployment. Lassalle accuses Schulze de Delitzsch of failing to understand what it is that makes the position of the labourer so wretched and uncertain, and points out that a workman who himself produces what he needs cannot be thrown so suddenly into misery as the workman who, being without the means of resistance afforded by the possession of capital, is wholly at the mercy of the fluctuations of trade. He further charges Schulze de Delitzsch with entire ignorance of economical conditions and of the real origin of capital. He says: "I will force you to understand that it is not until production is exclusively directed to 'values-in-exchange,' and labour has assumed a form and nature of execution under which each one produces nothing but commodities which are of no use to him,—it is only then, I say, that 'capital,' properly so-called, can be said to exist."[1] The definition of "capital" given by Schulze de Delitzsch, well known as the chief of German co-operators, which appears to have been the cause of this outburst, is as follows:—"'Capital' is that part of produce which is employed for ulterior production." Political economists usually define it more briefly as being "accumulated labour," such, for instance, as machines, raw material, or stores of means of subsistence.

Lassalle ingeniously asks whether (admitting capital to be accumulated labour) the person who does the work

[1] Lassalle, *op. cit.*, 87.

secures the accumulation, or whether "capital is not in reality the accumulation by one individual of the labour of others." Most economists say that "capital" is the result of thrift, or abstention from consumption. This statement is vigorously attacked by Lassalle.[1] He denies that abstinence is the parent of capital, and repeats that its real origin is "luck," and by way of illustration refers to the fluctuation of prices on the stock exchange, and in the value of real estate. He takes an imaginary case of a person who has invested in railway shares at par, and, after having received high dividends on his investments for some years, sells his shares, which in the meantime have risen in value, and secures a large addition to his capital, and points out that this addition was due to the increase of passengers and goods traffic and the diminished cost of working, and was in no way attributable to thrift, but to "luck." This is an example of "unearned increment," the doctrine so much discussed by English writers.

Increase in the value of real property, Lassalle declares, may be similarly explained, and illustrates this by supposing a man to have bought an estate for 100,000 thalers, from which he receives an annual income of 4,000 thalers; being careless or extravagant, he exceeds his income, and at the end of ten years is in debt to the amount of 20,000 thalers; he then sells his property, and owing to the increase of population and to the rise in the price of wheat during this period, the value of his estate has doubled, and he receives 200,000 thalers for the land for which he paid 100,000. Thus, after paying his debt of 20,000 thalers, his capital is increased by 80,000 thalers. This increase of capital might, says Lassalle, be attributable to a variety of causes, always excepting labour or thrift on the part of the proprietor, but the predominant cause is "luck."

No doubt "luck" may increase individual wealth, but it may also diminish it. It is as easy to find landed proprietors who have suffered from bad "luck" as it is to find those who have been enriched by good "luck." It is

[1] Lassalle, *op. cit.*, p. 121.

the same with commerce; here also "luck" is as often the cause of loss as of gain. There are periods when the chances are generally favourable to capitalists as a whole; these seasons of prosperity are usually characterised by an outbreak of speculation, and are followed, almost invariably by periods of depression, when "luck" is adverse to landed proprietors as well as to merchants and capitalists: the ancient apologue of the lean and fat kine is evidence of the antiquity of this experience. The meaning given to the word "capital" is an unnatural one: "luck" cannot, in any true sense of the word, be said to create "capital," although it may add to its utility. However much the value of the railway shares referred to above might fluctuate, the social capital—that is, the permanent way, the stations, and the plant—would remain unchanged, except in so far as advantage might be taken of prosperous seasons to add to them, but such additions would not be due to "luck," but to labour and thrift. Lassalle's procedure is polemical rather than scientific, and he treats exceptional cases as if they were the rule and were capable of general application. His assertion that, as a consequence of the dominating influence of external social circumstances, every man is saddled with responsibility for actions in which he has had no share, is true in a certain number of cases, but is false as a general statement; it would be equally true to assert that because some men are born, or become lame, it is the destiny of all men to be cripples; or that because men of all conditions fall victims to an epidemic, a good constitution and temperate habits have no influence upon length of life. Intelligent, far-seeing, men know how to protect themselves from the influence of "luck" when it is adverse, and how to derive advantage from it when it is favourable. To liken laborious, thrifty, far-seeing men to the idle, the extravagant, and the obtuse, and to assert that the inequality in their position is attributable solely to "luck," is repugnant to common sense. The idea that "luck" is the supreme influence in social relations, is in itself a sufficient condemnation of Lassalle's theory.

In contrast to the economical position of workmen who produce only for their own needs, Lassalle describes the existing system under which nearly everyone is employed in the production of commodities intended for exchange, and draws the inference that under this system men must be dominated by circumstances external to themselves; but the instances that he adduces in support of this inference are exceptional, since the origin of private wealth is but rarely attributable to circumstances altogether unconnected with the labour and intelligence of its possessor; he fails also to recognise that circumstances may be unfavourable as well as favourable, and although external circumstances may be disturbing, yet even so their influence is on the whole beneficial; they may occur suddenly and unexpectedly, but they can generally be foreseen, even if dimly, and provided against by an acute and vigilant man. Far from being a source of discouragement, the indistinct but golden chances of the future act as a strong incentive to enterprising spirits, and are the cause of most of the great undertakings by which mankind has benefited. In this sense it is true that "luck" has largely influenced and assisted the progress of humanity.

The German socialists assert that "capital" and "profit" are phenomena which have not always existed. According to Lassalle, "profit" requires the present social institutions with their implicated ideas of "values-in-exchange," "capital," "circulation of money," "competition," "private enterprise," "wage-paid labour," and the universal acceptance of tokens of exchange, or money, for commodities of every description, and asserts that to make the idea of "profit" comprehensible, all these conceptions must be taken into account.

But Robinson Crusoe, alone upon his island, made a profit whenever, learning by experience, he obtained an equally successful result with a smaller expenditure of labour, or a better result with an equal expenditure: when his labour was altogether unproductive, as in the case of his first attempt at boat-building, he was then in a

position precisely analogous to that of a manufacturer who has produced an article that no one will buy.

Socialists are mistaken when they assert that without "money" there can be no profit; or that money effects a radical change in economic conditions, and in the character of commercial transactions. Money extends and regulates the phenomena of production and exchange, but does not alter their character, and economic law is as true in the case of an isolated individual as in that of a great community.

Having himself arrived at the conclusion that "profit" is a novel and merely accidental economic phenomenon, the importance attached to it by economists appears to Lassalle to be almost superstitious. But the importance of "profit" is recognised, not by economists only, but by all mankind, the reason being that for every description of human industry, commercial or agricultural, no other test of success but "profit" ever has or ever will be discovered.

"Profit" alone can decide whether the work of production has been well contrived and conducted, and provides the only real test of the quality and of the sufficiency of the product. It is by the absence of "profit" that over-production (wrongly asserted by Lassalle to be an inevitable incident of modern production) is discovered and checked. "Profit," in fact, regulates and controls all socialised labour. When profit is ignored, as it often is by the state in the administration of public services, or by philanthropic associations, there is generally a great lack of efficiency. This does not imply any condemnation of the human effort that is inspired by charity and disregards all thought of profit; but in regular and normal economic operations, "profit" must always hold the most important place.

It is an error, says Lassalle, made by all "bourgeois" economists, to consider capital and the other economical categories as being logically and eternally true. They are, he declares, not logical, but historical categories: the productivity of capital is not a law of nature, but the result of certain definite conditions, and if these were

changed it might and ought to disappear. In support of this curious statement, he gives the following illustration :— "In the primitive conditions of individual and isolated labour from which we started, an instrument of work, such as the bow of the Indian, was productive only in the hands of the user, and therefore it was the use of it that was productive." But the Indian might lend his bow to another and stipulate for a share of the game obtained by its use as payment for the loan; in fact, common sense tells us that in all stages of civilisation, such an arrangement would be natural. "Capital" in the form of instruments adds to the productive power of labour, and it is a matter of small importance, so far as regards production, whether the person using "capital" is its creator, its possessor, or merely a borrower.

Since "capital" did not always exist, how did it originate? It is ingeniously suggested that the origin of "capital" was the "*division of labour*": "this," says Lassalle, "is the source of all wealth.[1] The law that productivity is increased and commodities made cheaper by this cause—*a law which is based upon the nature of labour*—is the only economical law which can properly be said to be a *natural law.* Nevertheless, it is not a law of nature, since it does not belong to the domain of nature, but to that of mind; at the same time, it is invested with the same character of "*necessity*" as are the laws of electricity, gravitation, the elasticity of steam, etc. It is a natural social law, and in all nations a few individuals have appropriated this natural social law, which owes its existence to collective mentality, *to their exclusive advantage*, leaving for the rest of the peoples, stupefied, indigent, and strangled by invisible bonds, only such portion of the constantly increasing and accumulating product of their toil as, even before the dawn of civilisation, the Indian could, under favourable conditions, gain for himself—that is to say, a bare subsistence. It is as if some individuals

[1] He ought rather to say, one of the principal sources, since without "capital"—that is, without the instruments of work—division of labour would lose the largest part of its productivity.

were to claim gravitation, the elasticity of steam, or the heat of the sun as their exclusive property! Such people provide sustenance for their labourers as they do heat and oil for their engines, in order to maintain them in good working order, and look upon the maintenance of their workmen merely as a necessary part of the cost of production."[1]

Marx propounds a similar idea when he says that the capitalists have captured science and used it for their own advantage.

The world is said to be the victim of an unnatural and sinister inconsistency. The vast production of modern society is communal and co-operative; yet the distribution of the products is not communal but individualistic. Co-operative labour yields a surplus in excess of what could be produced by isolated labour, and this surplus, which in justice belongs to all, is entirely appropriated by the capitalists.

If this were true, all, or at any rate the majority of workmen's co-operative societies ought to prosper; but experience shows that most of these societies, even when assisted by loans, either gratuitous, or at a low rate of interest, are unsuccessful, or remain in a condition of stagnation. Again, in most civilised countries, there are many small employers and independent workmen; but they are no better off than the capable and industrious men who exchange their labour for wages. And lastly, there is the fact, fatal to Lassalle's theory, that large numbers of great merchants and well-established companies, not only fail to secure any profit, but suffer losses, and are compelled to go into liquidation. This is sufficient proof that the so-called "plus-value," which is asserted to be the natural and necessary result of the division of labour, and of which the employers are said to have the exclusive benefit, either has no necessary existence or is insignificant in amount, or must be of advantage to others besides the employers.

To return to Lassalle's principal contention: he declares

[1] Lassalle, *Capital and Labour*, p. 249.

that capital is not the result of saving, and he brings forward many arguments and so-called facts to prove the falsity of this economic theory. As regards wage earners, he declares that the labour of the vast majority of workmen only suffices to supply their daily needs, and that it is therefore impossible for them to exercise thrift. The ten millions of depositors in French savings banks provide a sufficiently striking proof of the inaccuracy of this statement.[1] However low wages may be, it is clear that there is a large number of manual labourers who are able to save, and that thrift is practicable even in the lowest ranks of society. From other points of view Lassalle's statement is open to criticism. He admits that the definition of "capital" as being "accumulated labour" is apparently correct, but declares that the labour accumulated is not the property of the employer, and that in justice it belongs to others; profit, he says, is labour which has not been paid for, and he asserts that there is a wide difference between the value of the work done and the wages paid for it—values which the public imagine to be equivalent. Lassalle is indignant that "non-consumption" or "saving," which is a merely negative quality, should be said to be the source of capital. Savings, however, do, as a fact, exist, and if not transformed into "capital," what *rôle* do they fulfil?

It has been said that to save is to create; and under certain conditions, the truth of this is obvious, as in the case of some commodity which is being constantly produced. Here any saving is, *pro tanto*, an addition to the quantity available for use; thus, if a man possesses a ton of coal, and by economy in the use of it he saves half, he thereby adds this quantity to the general stock; and the effect of his non-consumption or saving in this case may obviously be a source of capital; or if, possessing a stock

[1] The amount due to depositors in private as well as national savings banks was, on 31st December 1900, 4,274,000,000 fr., as against 1,802,809 fr. in 1882, whilst the number of depositors during the same period had increased from 4,645,893 to 10,680,866.—(*Bulletin de statistique de Mai* 1902, p. 558.)

of provisions, a man uses them with economy, and sets aside a portion for subsistence whilst carrying out a work of some duration: in this case, again, his saving is clearly a source of capital. These are merely simple instances of a principle which, in a more complex form, is a common origin of capital. Lassalle makes the further assertion that progress has always been due to the community, and not to the individual. No educated person would deny the existence and the advantage of co-operation between the individual and the community of which he is a member; but the part played by the individual is far more important than Lassalle admits. During the infancy of humanity it is possible that social action might have been the predominant cause of progress—although we remember that the names of Prometheus and Triptolemus show that antiquity attributed to individuals the invention of the technical arts; but in the modern world it is hardly possible to name any discovery which is not due to an individual. History abounds with the names of inventors, and from Gutenburg and Christopher Columbus down to Papin, Watt, Arkwright, Jacquart, Bessemer, and Lesseps, all the great achievements of humanity are associated with individuals.

Lassalle declares that it is absurd to suppose that capital, which consists for the most part of things that are not objects of consumption, such as improvements of land, houses, bars of iron, etc., etc., can be created by abstinence from consumption. The impossibility is, however, only apparent, and through the agency of money, the capitalisation of savings is made easy. Thus, the coal or the provisions economised as described above, might have been exchanged for money, and thus have been converted from perishable into permanent capital. This truth is of general application, and it is obvious that wealth in all its forms may originate in saving. Thrift or saving in its primitive form of "hoarding" may no doubt be considered in an economic sense as being a negative or passive element; but when capitalised, it at once becomes an active agent in modern economy; and savings are now

daily brought into the market and transformed into some durable form of capital, usually by investments in the shares of joint stock companies. Thrift imparts a new direction to the industry of a country; in place of the employment of labour upon immediately consumable commodities, it promotes the creation of means of production and works of permanent value. For example, suppose that two men have each an income of £4000, and that one spends the whole in luxurious living, whilst the other saves half his income and spends it on the permanent improvement of his property, or invests it in the shares of some industrial company: in this way his savings are capitalised, and assist in the creation of durable and productive utilities. Thus, the part of thrift in modern life is to discourage excessive production of articles of luxury, which are for the most part perishable, and to encourage the employment of labour on durable objects and means of ulterior production. It is evident that the wealth of a nation will increase if its inhabitants generally follow the example of the latter of these two proprietors, whereas in the contrary case its capital would quickly vanish. Lassalle, blinded by his prepossessions, failed to perceive this truth, and ignored the fact that although capitalisation, or the conversion of savings into capital, has become far more easy and rapid than formerly, the change is one of degree only, and not of kind.

Having pointed out that "accumulation" or "thrift" could have no share in the creation of "capital," it became necessary for Lassalle to find some other origin for it, and this, as has been already mentioned, he found in the "division of labour;" but, he says, this system of production, by which alone a surplus in excess of daily necessities can be secured, requires a pre-existing accumulation of capital and an anterior system of division of labour to create it; without the institution of slavery, he asserts, this would have been impossible. Nations, therefore, which started with a system of complete individual liberty, such as the Indian hunting tribes, could never accumulate capital, and as a consequence could never reach

any high degree of civilisation, and saving would have been impossible for the individual workman.[1] There is an obvious contradiction here: if division of labour presupposes the previous existence of a similar system, such a system must have been in force ever since society came into being, or its existence at any given time would be almost inconceivable. It is probable that the division of labour and co-operation were actually evolved from individual and isolated labour; but if so, saving must always have been possible for the individual. Lassalle, however, refuses to recognise any other origin for the division and combination of labour but slavery, and roundly asserts that it must therefore have been for the benefit of nations that slavery should have been associated with their genesis. By way of illustration, he supposes that a master who possessed a hundred slaves, employed thirty of them in providing for his personal requirements of all kinds, sixty in agriculture, and the remaining ten in the manufacture of implements for the use of the other ninety. Such a division of labour would, of course, be far more advantageous than if all the work required were done by the whole hundred working together. This, according to Lassalle, was the origin both of the "division of labour" and of "capital." As time went on, the master would still further improve the system, and, at each stage of the progress, would gain by the increase of productivity. "You see, then, M. Schulze," says Lassalle, "that what this master has done is not to abstain from consumption, but to alter continually the administration of production, by introducing division of labour, and by constantly increasing the diversion of labour from the direct to the indirect production of means of luxury and subsistence—that is, to the manufacture of implements and machines—in a word, to the creation of fixed capital of all kinds—and the more he does this, to which you give the name of 'thrift,' the more his wealth is increased."

This theory is arguable both from the doctrinal or the historical point of view. Nations in which slavery never

[1] Lassalle, *op. cit.*, p. 113.

existed or which soon abandoned it—the Germans, for example—were not thereby retarded in arriving at the division of labour and the creation of capital. When slavery or even when serfdom was suppressed in Europe, the system of division of labour did not cease to spread, and in those colonies in which it has been longest in existence, slavery has always been considered to have been a great obstacle both to the division of labour and to the employment of machinery.

Socialists, however, have made up their minds that the division and association of labour is the only source of wealth, and they will not admit that thrift or enterprise can have any share in its creation; but it is not difficult to show that the advantage arising from the general adoption of a system of associated labour falls in reality not to the employers but to the community in general in the shape of a diminution in the cost of commodities.

In pursuit of his historical demonstration, Lassalle comes across some truths upon which he lays much stress, but which in no way support his thesis. The incessant and automatically increasing productivity of capital, he points out, was impossible in ancient communities, when domestic production predominated, and when each worker or little group of workers, produced commodities for their own consumption only, and adds that this was almost equally true during the middle ages. How, he asks, could capitalisation have been possible at that time? Could a proprietor have improved his position by the cultivation of wheat in place of rye? No, since his land was subject to tithe payable in rye. Could a merchant, by means of thrift, extend and improve his industrial position? No, because in addition to the limitation of his market, owing to the absence of means of communication, both the method of his production and the number of his workmen and apprentices were regulated by inviolable laws. The investment of capital in another person's business was also impracticable, owing to the rarity of opportunity and the lawlessness of the times.

These observations, although true, do not prove capital

to be a novel and accidental element in economics; they merely show that in ancient times and during the middle ages capitalisation was less easy than at the present time, since it was hampered by laws and regulations as well as by customs and prejudices. If now, to the great detriment of civilisation, socialistic doctrines should prevail, the process of capitalisation might again become as difficult as it was formerly, since it requires the fullest industrial and professional liberty for its successful development, and if this liberty were suppressed or harassed by regulations, capitalisation, although it would not altogether disappear, would be greatly restricted, and profitable thrift would, to a great extent, be replaced by the primitive and sterile form of saving known as hoarding.

CHAPTER II

Capital itself is unproductive. Definition of "profit" or "plus-value." Marx' theory of "plus-value," and his explanation of the origin of capital. "Constant" and "variable" capital. "Values-in-exchange" and "values-in-utility." Labour-force and its value. Iron law of Lassalle. Claim of capital to interest.

HAVING shown that capital is created by the capitalisation of savings, the question arises whether it has any other source, and also whether this saving, the parent of capital, is, as has been asserted, the profit derived by the capitalist from the unjust appropriation of part of the product of labour; if this were so, then, whatever its advantages, the practice of saving would forfeit all claim to respect. This profit, however, is not the only source from which saving is derived. It is often part of their wages or earnings set aside by workmen, or small peasant proprietors, or by the professional men, out of their income. The statement is therefore an exaggerated one; it is only a part, possibly the larger part, of saving, which is derived from the profit said to be filched from the labourer's wages. The contention that a part of the recompense due to the workman for his labour is unjustly retained by his employer, is in reality the kernel of the collectivist doctrine.

According to collectivists, capital is in itself unproductive, and is therefore only entitled to demand for its use an amount sufficient to maintain and replace it; it may have a claim to redemption, but not to interest, still less to profit. This idea, pedantically expounded by Marx, was explained by a public speaker, Briosne, to

mean that the owner of a house, so far from receiving any rent for the use of it, ought to recompense the tenant who maintains his property in good condition. Without going quite so far as this, collectivists in general assert that the owner of a house and his tenant are quits if the latter bears the cost of upkeep. This principle, they assert, is equally applicable to machinery and to factories; the manufacturer has no just claim to interest or profit; the establishment of a sinking fund, and the maintenance of his property in good condition, is the utmost that he can reasonably demand.

In order to form an opinion upon the justice of this view, a definition of profit is essential. In an economical sense, this word has various significations: it denotes the legitimate remuneration of the creator of capital, the salaries of men who devote themselves to the business of management; it includes the recompense for risks undertaken, and, lastly, and perhaps most important of all, it is the reward of the discoverer of improvements in the organisation of labour, and of the inventor of new and more efficient combinations of industry and commerce. Interest has a very different signification: it is a stipulated amount paid for the use of capital; it is more constant, and less subject to fluctuations than profit.[1] These definitions are clear, and appear to be in harmony with the nature of things; collectivists, however, dispute their correctness, or, rather, ignore them altogether. In their eyes, profit is simply that portion of the product of labour which is unjustly appropriated by capitalists, and nothing else; and they support this assertion by arguments which they say are based upon fact as well as theory. The modern workman, they say, is subjected both to a "dîme" or tax, and to the "corvée" or forced labour. The dîme, according to collectivist writers, was, under the feudal system, a tax upon the labourer for the benefit of his lord, or of the church, amounting to a tenth part of the produce of his labour, and the corvée was compulsory and unpaid work

[1] See *Essai sur la répartition des richesses*, P. Leroy Beaulieu, chap. viii.

for from one to three days a week. By the combined imposition of these exactions, it is asserted that a proportion varying from a fifth to a half of his actual production was extorted from the labourer. Many collectivist writers do not hesitate to affirm that these mediæval conditions, barbarous as they seem to be, were mild in comparison with those involved by the system of social organisation now in force, in what is called civilised society. They declare that at the present day the value of the work for which a labourer receives no pay almost always exceeds that for which he is paid. An attempt to prove this statement by means of statistics was made by the journal *L'Égalité*. It is there stated that the corvée in modern French industry absorbs on the average six hours six minutes out of twelve hours' work, or more than the old dîmes and corvées together, and that some industries show an even larger proportion of unpaid labour, culminating in the lighting industry, in which one hour and twenty minutes only, out of twelve hours, is paid for.

If these figures are correct, it is evident that our social system is extremely oppressive, and that the rule of the modern capitalist is far more rigorous than that of the feudal proprietors. The calculations upon which these assertions are founded are, however, open to question. It is stated that they are mathematically deducible from the results of industrial enquiries ; but if they were literally true, how would it be possible to obtain workmen for industries in which conditions are so oppressive, and why is it that all employers have not engaged in those industries in which the cost of labour represents so small a portion of the value of the product? Would not the keen competition, of which socialists speak so much, have equalised, or at any rate modified, these conditions? Apart from those industries which are monopolies, such as that of lighting, why should the corvée be from three to four times larger in one industry than in another? These questions are difficult to answer, and are met by a declaration that the facts must be as stated, since the figures quoted are not

only official, but have been collected by order of the "bourgeoisie" itself.

According to *L'Égalité*, these enquiries show that the value of the annual industrial production in France amounts to 7 milliards 130 million francs. Of this vast sum, 4 milliards 941 millions represent raw material, 191 millions the cost of fuel, and the "plus-value" due to labour amounts to 1 milliard 994 millions, of which sum 980 millions is paid as wages and 1 milliard 14 millions is absorbed in profits and dividends.[1]

It is upon these figures that the assertion as to the proportion borne by unpaid to paid labour is based. In a working day of twelve hours, it is said that the capitalist's profit is equivalent to six hours and six minutes, whilst five hours fifty-four minutes represent the time for which wages are paid: or, taking the figures quoted, this means that French employers extort from each of their workmen an annual sum equal on the average to 691 francs. As is well known, it is impossible to secure complete accuracy in the compilation of industrial statistics, but accepting the figures quoted by the editor of *L'Égalité* as being correct, examination shows that the conclusions drawn from them are altogether erroneous.

From the aggregate amount of annual industrial production in France, the only deduction made in order to ascertain the sum left for profit and wages is the cost of raw material and fuel; yet it requires but little consideration to show that many other deductions ought to have been made, such, for instance, as general expenses, always a heavy item, and the cost of commission, agency, insurance, postage, travelling, and deterioration; again, the maintenance, repair, and renewal of buildings and machinery, are heavy expenses which must be taken into account. But all these unavoidable charges upon industrial production are ignored in these calculations, and collectivists appear to think that the total gross receipts, less the amount

[1 The small difference between the total given by the addition of these several amounts and that stated as the total annual production is caused by the omission of negligible fractions.]

chargeable for raw material and fuel, are wholly available for distribution in the form of profit or wages!

When all the additional expenses referred to are taken into account, the alleged profits, which it should be remembered must also be charged with interest on the capital employed, will be reduced by at least one-half, or even by three-quarters, and in place of the alleged profit of 1 milliard 14 millions of francs, there will remain but from 300 to 500 millions at the outside, a profit which is by no means excessive, especially when it is remembered that this sum is not merely a gratuitous benefaction for the idle or the incapable shareholder, but includes payment for the work of direction and management, functions the importance of which it is impossible to exaggerate.

The ability required for the successful direction of industrial enterprise is of two kinds, one of which is a capacity for the skilful adjustment of the means to the end and for the economical regulation and improvement of production, whilst the other is a gift for the successful practice of the difficult art of buying and selling. All industry, whether national or local, is subject to the influence of these abilities, the very existence of which appears to be unknown to collectivists; yet they are of vital importance to society, since it is upon them that the financial prosperity of a community must depend. They have therefore a claim to remuneration proportioned to their value, and it is only envy or unreflecting sentimentality that would deny its justice.

If profit, as collectivists with amusing *naïveté* appear to imagine, could be calculated by counting the workmen employed at the rate of x francs per head, commerce would indeed be a profitable and easy profession; but experience tells us that of two neighbouring establishments, alike in equipment, in situation, and in the number of workmen employed, it often happens that the one succeeds whilst the other fails.

Much valuable information bearing upon this subject may be gathered from the reports issued by joint stock

companies. The Fives-Lille Company, one of the best-known iron foundries in France, during the years 1880 to 1883, when this branch of industry was active, paid a dividend of 30 fr. per share on 24,000 shares, representing a total net profit of 720,000 fr. Taxation diminished this amount by almost a tenth, leaving barely 648,000 fr. for the shareholders. Five thousand to six thousand workmen were employed in this business, so that the profit, including interest on capital, in place of being about 691 fr. per head of the workmen employed, was but little more than 100 fr.; this company paid no dividends between 1898 and 1902. Another well-known foundry, the "Maison Cail," which also employed several thousand workmen, paid no dividends for eight years; it then went into liquidation, and returned no part of their capital to the shareholders.

The journal *L'Écho du Nord*, quoting from information officially obtained on the occasion of the strikes in the "Nord" department in 1884, showed that in the year 1881 the 20,701 workmen employed in the mines of that department received in wages 20,529,406 fr., and the shareholders 2,751,914 fr., the profit in this case being equivalent to one-eighth part of the wages, or 33 fr. per workman. An engineer, M. Pernolet, commenting upon these figures, says: "The 20,701 men referred to, allowing a maximum of 300 work-days in the year for each man, worked for 6,210,300 days in the year 1881, receiving 20,529,406 fr. as wages. This amount gives an average wage for workmen of all grades of 3.306 fr. a day each. On the other hand, the 2,751,914 fr. paid to the shareholders as a return on capital, amounts to 0.443 fr. a day for each man; in other words, the coal industry in the department of the 'Nord' employed 20,701 workmen of all grades during the year 1881 at an average daily wage of 3.306 fr., whilst 0.443 fr. only was contributed by each towards profit and interest upon the total capital required for the foundation, preparation, maintenance, renewals, and administration of this industry, which is a kind of investment always hazardous at the outset, for long unproductive, and some-

times ruinous, but which is necessary if the population who live by this industry are to have any assurance for the regularity and the security of their existence. On a former occasion," M. Pernolet continues, "I have pointed out that an examination of the result of coal mining in the 'Nord' for a long series of years, not all of them prosperous, shows that the dividends received by the shareholders—that is, the profits on the capital invested in this industry—barely amounted to the value of a glass of beer for each working-day: this, then, is the extent of sacrifice made by the labourer working in the mines of the 'Nord' as his share of the cost of the creation and maintenance of this industry, by which the tranquil existence of his family is assured! Here, in exact figures, is the robbery of the fruit of toil by the idler who lives in luxury; this is what the evangelists of the *bonne parole* call 'the tyranny of capital,' the 'thefts of the bourgeois.'"[1] Sometimes the profits do not amount to as much as a glass of beer a day! It appears from the evidence given at the parliamentary enquiry held in March and April 1884 at the time of the Anzin strike, that the well-known company to which these coal mines have given a name, employs 14,000 workmen, and that the profit of the last year's working only amounted to 1,200,000 fr., or 85.50 fr. per head of the workmen.

Collectivists ignore the ability that is necessary for success in conducting industrial enterprises, and deny the supreme importance of a talent for combination and the value of intellectual labour; they do not take into account the risk of loss, and they contest the right of capital to any remuneration for its employment. But it is obvious that without the prospect of remuneration, the production of capital would cease; those who had already put by sufficient to provide for their own old age, and for a moderate provision for their children, would desist from the practice of economy; they would spend more freely, and there would be a great increase in the consumption of luxuries; people would still build houses for their own

[1] See *L'Économiste français du 9 fevrier* 1884.

use, but not for that of others. Hoarding would continue to some extent, but capitalisation, or the conversion of savings into productive capital, would cease.

It is now desirable to look more closely into the theory of profit or "plus-value," upon which the collectivist doctrine is founded.

Karl Marx has treated this subject at great length and with much subtlety in his celebrated book, *Das Kapital*.[1] The first part of this work consists of a study of commodities and of money (waare und geld), of "values-in-exchange" (tauschwerth) and of "values-in-utility" (gebrauchswerth); the second part treats of the transformation of money into capital; the third, of the creation of "absolute plus-value"; and the fourth of "relative plus-value." It will be seen that these terms are used in a very special sense, and that the essence of the collectivist doctrine is contained in the explanation given of the characteristics of "relative plus-value."

As to capital, Marx says: "The circulation of commodities is the starting-point of capital; the production of commodities, their circulation, and its development, which is commerce, constitute the historic conditions under which capital came into being; its modern history dates from the establishment of the modern system of cosmopolitan trade, and of the universal market in the sixteenth century."[2]

This definition contains a *petitio principii;* it is historically incorrect, and it is opposed to known facts; from the doctrinal point of view also, it is inexact, since capital, as has been shown, includes everything reserved for ulterior production, and every instrument made for facilitating labour. Robinson Crusoe both possessed and created capital, in addition to that which he recovered from the ship. This point is of importance, since collectivists deny that capital itself can be productive. If Robinson Crusoe constructed a wheel-barrow, and with its assistance was able to work with greater efficiency and with less expenditure of labour, it is clear that capital in the shape of this

[1] *Das Kapital, Kritik der politischen Ækonomie*, Karl Marx, 2nd ed. Hambourg.

[2] *Op. cit.*, p. 128.

wheel-barrow was actually productive. Thus, although on Crusoe's island there was neither trade nor exchange, and he could neither buy nor sell, yet capital came into existence in the shape of implements—that is, means of ulterior production.

Like Lassalle, Karl Marx looked upon capital as something novel and transitory, and not as a permanent phenomenon coeval with the earliest progress made by the human race; but our ancestors in the paleolithic age created and possessed capital, for their clumsy instruments facilitated the execution of their work, and between these barbaric implements and a sewing machine or a locomotive, the difference is one of degree only, and not of kind. The capital of to-day is no new production of civilisation; it is the result of the continuous development and extension of a phenomenon which has existed from the remotest antiquity. Marx declares that money is the final product of exchange of commodities, and is the form in which capital makes its first appearance. This idea is incorrect, since capital exists without the intervention of money. In many communities the use of gold and silver in exchange is, at any rate as a general custom, comparatively recent. Adam Smith mentions that in his time, or but little before it, it was the custom in the English-American colonies to exchange commodities for commodities.

The appearance of money, or some token of exchange in a metallic or in some other form, was certainly posterior to that of capital, which, as has been shown, can exist for an individual even if isolated, or for a family producing only for its own consumption; and although at the present time capital is frequently associated with exchange, the assertion that capital is a phenomenon dependent upon the existence of money or of exchange, is both historically and doctrinally untrue.

Historically, says Marx, capital, whether in the form of bullion, metallic coin, or commercial or loan capital, always appears in contrast to property in land. This statement is in contradiction to Lassalle's theory that capital originated

in the division of labour invented by a landed proprietor who possessed slaves, and although approximately correct, it is of small importance from an economical point of view. The following remark, however, which applies to the present time, is more generally true: "Every addition to capital first appears on the scene—that is, on the market for goods, for labour, or for exchange—always as money which by a special process is being converted into capital." This definition may be accepted with the one reservation, that money must be here understood to mean only an intermediate agent or token which represents either commodities or a claim upon commodities.

Since money is a token of exchange in general and at the same time a measure of value, capital is valued and calculated in terms of money, and is represented by money, although it is itself generally something other than money; it would not, for instance, be strictly accurate to say of a man that he had a fortune of 100,000 fr. or 1,000,000 fr., since in reality money may represent only a small part of his property, which may consist chiefly of commodities, such as land, houses, credits, or shares in various businesses. But it may be said that if he chose he might hold his property in the form of coin. This might be often, but by no means always, possible; if, for instance, the French were suddenly seized with a desire to convert the whole wealth of the country (say, 150 or 160 milliards of francs) into coined money, all the gold and silver in the world would not supply the sum required.

Admitting for what it is worth, the statement that new capital first appears in the form of money, how does Marx, starting from this point, arrive at the conclusion that "capital" is nothing but unrequited labour?

Commerce, he says, consists at the present day in the conversion of commodities into money, and then of money into other kinds of commodities; it implies exchange, by means of an intermediary which is money, of one kind of "values-of-utility" against another kind of "values-of-utility"—for example, of bread for boots. This is the primitive form of commerce, and the only one, according to

Marx, which concerns political economy; it is, in fact, an organised form of the barter of former times. But he says in a capitalistic society the proceeding is reversed: money is exchanged for commodities, which are then again converted into money. In place of starting from the exchange of a "value-of-utility" for a "value-in-exchange" in order to obtain another "value-of-utility" for consumption, the process is to convert a "value-in-exchange" into a "value-of-utility" in order to obtain another "value-in-exchange." What distinguishes a capitalistic society is that in production it disregards "values-of-utility," and pays attention only to "values-in-exchange": money is both the point of departure and the goal of production, which is therefore organised with a view to the money profit that may be realised, and not with regard to consumption.

It is necessary to dwell upon these distinctions, since it is upon them as a basis that Karl Marx and Lassalle construct their systems; but apart from this they are of importance, and deserve the attention of economists.

When commodities are exchanged for money, and with this money other commodities are purchased, the transaction is not wasted labour—one kind of merchandise is exchanged for another, as, wheat for clothes, tobacco for shoes, etc.; but to convert money into commodities and back again into money, in the absence of any definite object, would be an obviously futile operation; but under a capitalistic system, this object is the profit obtainable by purchasing commodities and reselling them at an increased price. Thus, in the capitalistic circulation of money, it is not consumption but circulation which is the object. "The circulation of money in the shape of capital is an end in itself, since increase of value cannot be produced except by its never-ending repetition; thus the movement of capital is endless and unlimited."[1] To the gain which capitalists secure by this process, Marx gives the name "plus-value." Capital, he says, has the faculty of laying golden eggs.[2]

[1] Marx, *op. cit.*, p. 135. [2] *Ibid.*, p. 137.

A criticism upon this analysis that at once suggests itself is, that it applies only to capital used in commerce or finance, and not to that employed in industry or agriculture; again, it is obvious that the mere circulation of capital will not of itself be necessarily productive of "plus-value"; many persons put capital in circulation, but derive no profit from doing so, and many merchants and bankers are ruined by the process. It is calculated that in France, out of ten persons who embark in business, barely two are successful, two or three are just able to live out of their business, but are unable to increase their capital, whilst the remainder lose both their own property and that of others. Merely to put money in circulation, therefore, will not suffice to secure a profit; it is no doubt always the intention, but by no means the certain result; and when success is attained, it must obviously be due to the personal qualities of the individual who undertakes the venture.

Marx, therefore, has by no means succeeded in proving his thesis that money increases by the mere process of circulation, nor has he invalidated the dogma of economists that profit represents the remuneration for services rendered.

The claim advanced by the German socialist is, however, even more extensive. He declares that his theory of "plus-value" is as true of "industrial" as of "commercial" capital. Industrial profit, he asserts, is neither the result of the productivity of capital nor of the intelligence of the adventurer, nor does it represent remuneration for services rendered; it is entirely derived from that portion of the labourer's work which the employer appropriates without paying for it.

Marx has developed this idea with remarkable ingenuity; but industrial statistics and the mechanism of commercial exchange give no support to it, and it remains to be seen whether by his analysis of the methods of industry Marx is more successful in establishing the truth of his thesis.

In accordance with his usual insidious method, he

starts with an assumption which he treats as being axiomatic: "The exchange of equivalents cannot produce profit. Where there is equality, there can be no gain. By an exchange of 'values-of-utility,' both parties may be gainers, but not when 'values-in-exchange' are the subject of the transaction." To prove these statements, Marx appeals to various authorities—to professors of popular economy, of philosophy, and of scientific history—and quotes from many authors. Fortified by these authorities, he insists that exchange cannot be the origin of "plus-value" and of the conversion of money into capital. This assertion is correct in respect of the exchange or "barter" in primitive societies; in this case the only advantage derived by either party would be the acquisition of an object more suited to his needs at the moment than that given in exchange, and which would not add to his wealth; but it is quite untrue with regard to the industrial organisation of the present day, in which "commerce" has taken the place of "barter" and "exchange" has become a profession.

It is the business of those who follow this profession to divine and anticipate the wants of the public, to attract clients, by means of agents and advertisements, and to save them trouble and inconvenience; to do this successfully demands a vast expenditure of trouble and energy, and involves much risk, since the business is a speculation which may turn out well or ill, and success will depend upon the correctness of judgment, the excellence of the system, and finally, upon whether the services proffered are useful or not to the community in general.

All this has escaped Marx, who is possessed with the idea that the capitalist is an idler devoid of intelligence and incapable of any form of activity useful to the community. The owner of money he looks upon as the larva from which the capitalist is developed; he buys merchandise and sells it, and it is only when he succeeds in realising a "plus-value" by the transaction, that he himself becomes a capitalist, the characteristic of capital

being to create "plus-value." But it is not the mere fact of "exchange" which necessarily produces the "plus-value"; whence, then, does it come? The whole secret lies in the purchase and utilisation of "labour-force" (arbeitskraft), which term must be understood to include all those intellectual qualities which men employ in the production of "values-of-utility."

In order that the possessor of money should be able to buy labour-force in the market, various conditions must co-exist; the possessor of labour-force must be free, he must be juridically upon an equality with the purchaser of his labour, and he must not be in a position to use his labour directly for his own profit; but if the workman has no money, the semblance of equality is quite deceptive, and merely gives an appearance of legality to a contract which in reality is inequitable. According to Marx, the co-existence of these necessary conditions is made possible by circumstances which are only to be found in a capitalistic society, one of the most important being that under this *régime* men have long been deprived of the possession of the instruments they require for their work, and are therefore unable to work independently.

Quite a long period of evolution was necessary, Marx declares, for the creation of a labour market. "How," he asks, "is the business of this, the most universal of all markets, transacted? How, when the purchaser meets the vendor, is the price of labour-force arrived at?" The reply given by the orthodox, or as he contemptuously calls it, the "popular" school of economy, is that it is settled by supply and demand; Marx, however, rejects this answer as being inadequate and tautological; labour-force, like all other commodities, has a value independent of and pre-existent to any bargain for its employment. This value is the cost of its production, or in other words the expense of maintaining and renewing the strength of the labourer and providing for his family and the education of his children. Although this expense must vary, it is nevertheless possible to conceive of an average cost for labour-force.

The "value-in-exchange" of labour-force is therefore said to be fixed by the cost of its maintenance and renewal. This is the famous "iron law" of Lassalle, who asserted that, however great the progress of industry, wages can never remain permanently in excess of a rate determined by the cost of the maintenance and renewal of labour-force.

This, again, is a *petitio principii* for which there is no justification. The cost of subsistence represents the "minimum" wage in normal times, and not the natural wage. The evidence of our own eyes, as well as that of statistics, tells us that in most countries, if not in all, wages are higher than is absolutely necessary for subsistence. If Marx' assertion were correct, the incontestable amelioration in the condition of the labouring class during the past fifty or one hundred years would be inexplicable and against nature; but since it is a well-known fact, it must be in conformity with natural law, which cannot err, and it is Marx' theory, therefore, which must be incorrect. When the choice lies between well-established facts and a theory which is incompatible with them, the theory must be rejected.

Those who rely upon the law of Malthus, that the reproductive force of humanity tends to make population always redundant in relation to the means of subsistence, as supporting Marx' theory, forget that this so-called law is in no sense an economical law, but simply a physiological hypothesis, which, if well founded, would show the existence of a menace to humanity analogous to that contained in the theory of the gradual refrigeration of the earth, against which neither collectivism nor any other social system would be any protection; to make this so-called law a ground for attacking the science of economy is puerile.

Although Marx, more philosophical than Lassalle, does not indulge in violent invective, his dialectic is no whit less defective. Neither he nor Lassalle affirm that the cost of subsistence of the workman and his family is a fixed amount at all times and in all countries: again, according

to Marx, labour-force, unlike any other commodity, includes a moral element. The significance of this statement, which is fatal to his system, is unperceived by its author; if once this element is admitted, the cost of subsistence can no longer be a fixed sum, and must be partly dependent upon the will of the workman himself, or rather upon that of the class to which he belongs.

The value of labour-force, Marx continues, must be equivalent to the value of the sum of the different objects which the workman requires for his subsistence; all these are, of course, not wholly consumed in a day—clothing, for example, or education—but the cost per day may be estimated. If experience shows that the necessary objects can be procured by six hours' daily work, for which the remuneration is three francs, then the "value-in-exchange" of a day's labour-force is three francs.

Having laid down these premises, which in reality beg the question, Marx invites us to observe the process of production closely. The possessor of money, he says, in process of development into a capitalist, provides all that is necessary for manufacture—raw material, machines, workshops, and labour-force. The actual organisation of the industry presents two striking characteristics: the seller—that is, the labourer—works under the direct control of the purchaser of labour-force—that is, the employer—and is not the owner of the product of his own labour.[1]

By doing his work before he receives his wages, the workman gives credit to the capitalist; it follows from this that an injustice is committed if the wage earner is made to wait unduly for his wages, as, for instance, when they are only paid once a month.

The capitalist is the initiator of work. His capital is divided into two parts, the proportions of which vary with the nature of the industry, the time, and the country.

[1] Marx would have done better to speak of the common product, since he again begs the question by the tacit assumption that the produce of labour assisted by machines and appliances is the same thing as the product of unassisted labour.

One part is employed in providing materials, buildings, machinery, and implements of all kinds; to this portion Marx gives the name of "constant" or "fixed" capital; the remaining part, which provides the labour-force required, he calls "variable" capital.

In the process of manufacture, raw material of various kinds is consumed, and machines, which deteriorate by use, are employed. The industrial operation ought, therefore, to reproduce all these things either wholly or partially in the value of the produce; but if this were all, the total value of the product would be no more than that of the articles consumed, without any profit or "plus-value." In the case of machinery, for instance, the value of the product ought to include such a sum as would be required to maintain it in order and to provide for its replacement when worn out. Marx admits that capital invested in machinery has a just claim to redemption, but not to interest; this limitation, however, is quite unreasonable; it is, in fact, an application to machinery of the sophism enunciated by the French socialist, Briosne, with regard to house property referred to above—namely, that a landlord is amply recompensed, indeed obtains more than his due, if the tenant maintains his house in repair. No one, however, would build houses on such terms, nor would anyone construct machines if no profit were to be derived from them. A machine adds to the productivity of the workman who has the use of it; it was made for this purpose, with the perfectly legitimate intention that the maker, or the purchaser, who has the same rights as the maker, should derive profit from it. The barrow which Crusoe constructed produced no immediate return, but made his labour more efficient and productive. Suppose that newcomers to his island asked for the loan of his barrow, saying that they would undertake to keep it in repair and return it to him in good condition; would not Crusoe reply: "That is not sufficient. With the aid of this barrow you can do twice the amount of work that you could do without it; this increase of productivity is due to me, the maker of the barrow, and I have a claim to a share. Let us

divide it; you shall give me a share, and you will still remain gainers by the transaction. If you refuse this offer, you must make a barrow for yourselves." Who can say that such action would be extortionate on Crusoe's part? No doubt, if he desired to be generous or charitable, he might lend his barrow for nothing; but the justice which ought to govern social relations, gives him an indisputable right to a portion of the increased return, which the use of his barrow made possible, and which was not due to the borrower alone, but was the result of his co-operation with the maker of it. Similar reasoning applies with equal force to all machinery and to all capital. The maker or the owner of a machine has a right to interest or profit in return for its "value-in-utility" as represented by the increase of productivity of labour it makes possible. Imagine a machine to be a living being capable of bargaining for himself: no one could deny the justice of his claim to a share of the extra production or profit due to his agency; yet the maker or the possessor of the machine has precisely the same rights as the machine itself would have, if it possessed life and intelligence. Thus, we see how Marx is entangled by the *petitio principii* involved in his statement, that what he calls "constant capital" cannot produce "plus-value." In reality, this so-called "constant" capital, especially machinery, and buildings which give shelter to the workmen, do actually produce a profit or "plus-value"; it is for this reason alone that they exist, and with this object they were constructed.

If machines produced no profit, if they added nothing to the productivity of labour, or if buildings which make it possible for workmen to carry on their labour without inconvenience, were not productive of profit, why should it have occurred to anyone to take the trouble to construct them? Marx, however, deliberately closes his eyes to all these considerations; that description of capital so quaintly labelled by him "constant" is, he declares, incapable of producing "plus-value," which can only be produced by what he terms "variable" capital, or that which is used to pay wages, and he endeavours to explain

why this should be so. When the labourer has worked six hours a day, the industrial operation is complete; the capitalist sells the product, and if there is no "plus-value," he grumbles and protests that he will give up his business. Such a complaint is indeed quite natural, since there can be no reason why the poor capitalist should take upon himself to save, to buy machines, and raw material, to superintend the work of manufacture, to sell the produce, to incur risks, to toil, and undergo fatigue of body and mind, if at the end of it all he only succeeds in recovering the actual cost of production, and is left not only without profit, but even without interest upon his capital. He would certainly be justified in declaring that he would give up his business and close his works, and would lose nothing by doing so; the real sufferers would be his workmen, whose labour, without machines and workshops to shelter them, would be not only more distressing, but far less efficient and productive.

Under the circumstances described "profit" would not exist, and the result would be, that capital would no longer concern itself with production—in other words, it would cease to supply the means of production, such as factories, machines, or intelligent superintendence and direction. It is at this point, according to Marx, that "plus-value," so eagerly sought after and so much criticised, appears upon the scene.

The "value-in-exchange" of labour-force is, by hypothesis, equivalent to the product of six hours' work, which period suffices to produce the commodities necessary for the existence of the workman; but the work day is not six hours: it is sometimes ten, twelve, or fourteen hours; and thus, whilst the capitalist pays the "value-in-exchange" of the labour-force he buys—that is, six hours—he obtains its "value-in-use," which is ten, twelve, or fourteen hours. There are thus four, six, or eight hours of work (Marx puts the average at six), for which he does not pay, but the produce of which he appropriates, and from which his profit (plus-value) is derived; Marx does not, however, explain why the workman

should consent to work for so much longer than is necessary to secure his own subsistence.

Marx attempts to show by reference to industrial processes, that the "utility value" of labour-force is double that of its "value-in-exchange." By the division of labour, the establishment of workshops, etc., he says, the productivity of the workman is greatly increased; but his remuneration, which by hypothesis is equivalent to the cost of his subsistence, remains the same. This increase of productivity is itself, he asserts, a social product—that is, it is the result of discoveries, inventions, and adaptations of society as a whole—whilst it is the capitalist who alone obtains the benefit of it.

In making this statement Marx is entirely mistaken; when (as always occurs before long) industrial improvements have become socialised, it is no longer the capitalist, but the public as consumers who really profit by them, owing to the diminution of prices due to increased productivity; and it is only in his capacity of a consumer that the capitalist derives any benefit. Again, the assertion that the capitalist confiscates the discoveries of science, and uses them gratuitously for his exclusive advantage, is equally false. No doubt an inventor (who is not usually a capitalist as well), in countries where inventions can be patented, enjoys for a time the exclusive benefit of his discovery; but it is in the character of inventor, and not as a capitalist, that he possesses the right, which lasts only for a limited and short period. This question of patents is, no doubt, a controversial one, and some industrial nations—Switzerland, for example—have refused to grant exclusive property in technical processes to the inventor of them; but whatever may be the opinion or practice in this respect, it is certain that after a longer or a shorter interval, quite insignificant in the life of humanity, every invention becomes socialised—that is, open to all, and free from exclusive rights.

CHAPTER III

Variation of "plus-value." "Absolute" and "relative plus-value." Function of the capitalist. "Competition." Methods for the increase of "plus-value." Legislative remedies. Excess of wage earners. Introduction of machinery. Machinery a defence of wage earners. Improved condition of wage earners. Decrease of pauperism.

MARX refers the variations and increase of "plus-value" to two causes: the first is the increase of the workman's productivity, due to improvements in machinery and in industrial organisation; that part of the capitalist's profit which arises from this cause, Marx distinguishes as "absolute plus-value." The second cause is the increased productivity of the workman considered in relation to the cost of his living; this would diminish the "value-in-exchange" of his labour (assumed to be determined by the cost of subsistence), whilst his hours of work would continue unchanged, and thus "plus-value" would be increased. To the profit derived from the lowering of the cost of labour, Marx gives the name of "relative plus-value."

This theory is effectually controverted by the facts of everyday life, which show that when the cost of living falls, workmen do not find that their wages fall in proportion; what really happens is that they are better fed, better clothed, and consume more wine, meat, coffee, tobacco, etc.

The improved condition of the workman of to-day as compared with former times has become a commonplace, and although no doubt all workmen have not benefited equally, at least nine-tenths of the class have derived

very great advantages from the changes that have taken place. This statement, of course, does not include paupers; but even at this extremity of the social scale, physical misery is now less intense, and conditions are less degrading than formerly. Again, disregarding for the moment the assertion that increased efficiency more than counterbalances the effect of shorter hours, and in spite of the assertions of Marx and Stuart Mill, it may be safely affirmed that progress in most industries has also brought about a reduction in the length of the work-day.

If Marx' theory were true, and industrial profit could be so easily secured, it would be both certain and approximately uniform, whereas, in fact, nothing can be more uncertain or subject to greater variation; it is sometimes, although rarely, very large, but it is usually moderate, and often non-existent.

Industrial profit does not depend, as Marx asserts, upon the relation of material things to each other, but upon the relation between them and human beings; the capitalist is not merely capital personified; he is a living being, who, by his personality, influences the productivity of capital, and secures or fails to secure a profit. Profit, therefore, must have some origin other than the purely mechanical one Marx assigns for it; and, without going outside his analysis, it is easy to specify the various and natural causes which give rise to profit.

Having defined "absolute" and "relative plus-value," Marx comes to the conclusion that the capitalist is an exploiter, and that "business" means the exploitation of the workmen. When slavery existed, the sole object of the slave owner was to extract the utmost "plus-value" possible from his workmen, and the capitalist of to-day is his counterpart in modern society; he also has ingenious ways of surreptitiously increasing "plus-value" and craftily appropriating the proceeds of another's toil. The capitalist, he asserts, retains without payment about one-half of the value of the workman's labour, a proportion which, so long as society is organised upon a capitalist

system, tends constantly to increase with the advance of civilisation.

In attempting to substantiate these bold assertions, Marx encounters obstacles which would have intimidated a less opinionated or less arrogant spirit. The English economists, Senior and Wilson, have shown that the manufacturer's profit is earned during the last of the ten or eleven hours which constitute the work-day, and from the facts cited by these economists, it is evident that the portion of the workman's labour which represents the employer's profit, even assuming (which is not the case) that a profit may be relied upon, is very far indeed from being equivalent to half the number of hours worked. In place of replying to these arguments, Marx has recourse to irony and abuse; but the ability and precision of statement of his opponents deserve very different treatment.

In describing the function of the capitalist in modern industry, Marx says: "The personification of capital, or the capitalist, so arranges the work that the workman performs his task with ordered regularity, and with an adequate amount of energy."[1] This affectation of treating capitalists as being capital personified is merely a convenient way of suppressing, or eliminating from discussion, the consideration of the intellectual and moral qualities, which are the predominating influence in shaping the destiny of industrial and commercial ventures. The capitalist, according to Marx, is a newcomer in the industrial world. The chief craftsman or the master of former days, who was himself a workman, was not a prototype of the capitalist of to-day: the old craft laws, by restricting the number of workmen, made "capitalisation" impracticable, and the true capitalist only appeared when, this restriction having disappeared and production having increased, division of labour supervened, and the head craftsman or master, released from the necessity of actual manual labour, was able to devote himself entirely to the organisation and control of the labour of others, to the

[1] *Das Kapital*, p. 315.

purchase of raw material, and to the sale of goods manufactured. These, according to Marx, are the conditions from which the capitalist has been developed. But, we may ask, is this the only function of the capitalist, or rather—since all terms are confused by Marx, and precision is desirable—of the trader or manufacturer? When the conditions above described occur, the manufacturer, whose function is to direct industrial operations, becomes an essential factor of the social organisation. Marx represents this function as being mere routine work, and regards the capitalist as a kind of overseer, or as the task-master of galley-slaves. In support of this inaccurate and inadequate conception, he expounds with much ingenuity the theory of co-operation (in the primitive meaning of the word), or the combination of forces—in other words, the division and association of labour, conditions which are correlative. The productive power of isolated human labour, he says, is but small: in combination it is infinitely greater; the capitalist pays for the former, but actually obtains the latter, which, being dependent upon co-operation, may be called social productivity. Economies effected by the better organisation of labour, by more economical use of raw material, by ingenious subdivision of processes of manufacture, and by securing continuity of production, are the principal causes which, together with others of a quite different character, give co-operation so great an advantage over isolated labour. All this, although not new, is true, but at this point error creeps in. "It is," says Marx, "this particular result of the superiority of social over individual labour which the capitalist appropriates, and which by a fiction is made to appear as if it were an element inherent in, and naturally pertaining to, capital."

This is Marx' favourite thesis; it is capital alone, according to him, that profits by improved machinery, better methods of manufacture, and the progress of science. Wages are not increased by these improvements, and society in general, apart from capitalists, has no share in them. In all this there is nothing new; it is simply a

paraphrase by Marx of a passage in the *Systéme des contradictions Économiques*, by Proudhon,[1] the fallacy of which is obvious.

Competition, ignored by Marx, is the cause of the astonishing reduction of prices which this age has seen. The present prices of iron, coal, steel, and cotton, supply a striking illustration of the beneficent operation of this economical phenomenon, and prove that neither the capitalist nor the manufacturer can appropriate the benefit of the excess of productivity of co-operative labour. The principal element of profit is, however, of a quite different character. Society, as Marx sees, pays a price for commodities, which represents the average net cost of production; it may be said that the price paid is that which is high enough to secure the adequate supply of the market, and therefore the chief element of industrial profit is the ability of a manufacturer to reduce the net cost of his own goods below that of the produce of his competitors. Thus, the manufacturer looks for a market where he can obtain his raw material at less than the average price, and seeks for the best arrangements for economising labour, and for chemical or mechanical processes which will facilitate production or will improve the quality of his products; he must, in fact, be always on the alert, and upon this condition alone can he acquire a fortune. It is only just, that if a manufacturer by his ability, energy, and enterprise, succeeds in reducing the cost of production, he should receive the recompense due for his useful inventions and intelligent organisation. But as has been pointed out, he can only retain possession of the profit temporarily; rivals watch each step of those with whom they are competing, and as soon as a manufacturer succeeds in diminishing the cost of production, the attention of his competitors is at once aroused, and they give themselves no rest until they have discovered the secret of his success; experience shows that they are invariably successful, that improved methods and new processes cannot be kept secret, and that success cannot remain long concealed.

[1] 4th ed., vol. i., p. 243.

The effect, therefore, of competition, and of the diminution of price which is caused by it, is to confer upon society as a whole the ultimate benefit of all discoveries and industrial improvements.

Thus we see that Marx' theory falls like a house of cards; it is in vain that he attempts to strengthen it by dissertations upon the constant pressure exerted by capital in order to add to the length of the work-day, upon the increase of children's and women's labour, upon the industrial crises brought about by machinery, and upon the greater intensity of labour, which is the result of, and to some extent a compensation for, the reduction of the work-day. What is said by him upon these subjects is instructive and interesting, but full of exaggeration, and he omits to notice or make allowance for the fact that when he wrote, society had barely emerged from the chaotic period which accompanied the development of industry upon a large scale.

So far, it is the dogmatic side of Marx' theory that has been dealt with; it is now proposed to consider that part of his book in which he treats of what according to him are the necessary consequences of a capitalist organisation of production, such as the use of machinery for every kind of manufacture, the servitude of labourers who, in place of employing their labour-force for themselves, are compelled to hire it out, and finally the genesis and growth of "profit" assisted by these conditions. Capitalists, he asserts, incessantly strive to increase the "corvée," or unpaid labour; their efforts take various forms; the first and best known is the prolongation of the work-day. On this point, complaints have been made for many years, by economists and moralists. Days of fourteen or fifteen, sometimes even of sixteen or seventeen hours of actual work are, they say, to be met with, the former frequently, the latter exceptionally. Nowadays, however, the work-day has been compulsorily reduced (following the lead set by Switzerland in 1877) to a maximum of eleven hours in factories where women and children are employed, or, even as in France since 1904, to ten hours. In England

the hours have fallen to fifty-six per week, and in the future, as industrial methods are still further perfected, a still larger reduction may become possible.[1]

The long work-days were, and are, so far as they still exist, an incident of the chaotic industrial condition attending the conversion of industries on a small scale, to industries on a large scale, and are merely a transitory phenomenon which has either already disappeared, or is in process of disappearing, owing largely to the pressure of the collective action of workmen, which in the smaller French industries has already secured a reduction of the work-day to ten and even in some cases to nine hours, and which will be equally successful, although perhaps more slowly, in the larger industries. Marx ignores this force, which is already powerful, and growing more so every day. When wage earners, as a consequence of labour co-operation, were collected in large numbers, meeting every day, exchanging ideas, and becoming well acquainted, they soon learnt the advantage of association and concerted action. In time, and despite hostile laws, they established themselves as a collective force of infinitely greater power than that which they could exert as isolated individuals. The observations made by Marx upon the superiority of collective to individual labour, are equally applicable to these associations. Although it is obvious that this force may come to be a source of danger to society, its legitimacy cannot be denied, but it is to be hoped that its use will be regulated with prudence and good sense. One circumstance which has greatly assisted its growth, has been the increase of wages compared with the cost of living, which has made it possible for workmen to set aside a part of their wages as a reserve in case of conflict with their employers, or as a means of assisting workmen of other industries who are on strike. If, on the one hand, wage earners have often used their weapon, the "strike," without any reasonable cause, on the other,

[1] See *L'État moderne et ses fonçtions*, book vi., chapter iv., by P. Leroy Beaulieu; and also, *Traité Théorique et pratique d'économie politique*, vol. iv., pp. 297-310, by the same author.

economists generally have taken a superficial and one-sided view of the efficacy of their action. Taking everything into consideration, "strikes" have helped to improve the condition of wage-earning classes, and have not only been the means of obtaining higher wages, or shorter work-days, but have also increased the independence and the dignity of the manual labourer, and have raised him in the estimation of his employer.[1] If the number of strikes in any country is large, it is an indication that the wages paid are such as to provide an excess over the cost of living, since if this were not the case, especially in countries where there is no poor law, they would be impossible. The well-known saying of Adam Smith, that without employment the wage earner could not exist for a week, has been more and more falsified by facts. Thus, notwithstanding the social, economical, and political evils by which they are accompanied, "strikes" indicate an ameliorated condition of wage earners, especially when they are the result of organisation, and not merely an outbreak of despair. For instance, "strikes" in which the wage earners assume the offensive, and attack their employers or consumers, in order to secure more advantageous conditions, possess this character to a marked degree. It is therefore a mistake to assume that a large number of strikes is any indication of extreme distress.

Other conditions have also contributed to the reduction of the work-day: such as the spirit of philanthropy, now so widely prevalent, and the more kindly attitude adopted towards wage earners, both in social and official circles. The intervention of the legislature, whether in the interest of adults, as in France or Switzerland, or of women and children only, as in England, has directly or indirectly conduced to the same result.[2] Work hours in the large industries in England have been reduced to 56 hours a week. If 9 hours a day out of the 168 hours in the week

[1] See *Répartition des richesses*, P. Leroy Beaulieu, chap. xiv. [See also, *Criticism of the Theory of Trade Unions*, by J. S. Cree, Liberty and Property Defence League, 25 Victoria Street, London, S.W.]

[2] See *L'État moderne et ses fonçtions*, P. Leroy Beaulieu.

are allowed for sleep and meals, there will remain 105 hours, so that labour occupies little more than half the hours remaining after bodily wants are provided for. In Paris, during the years of prosperity, 1871 to 1881, workmen, whose wages amounted to from 7 to 14 or 15 fr. a day, frequently took two or three days holiday a week—a license quite as prejudicial to their moral and physical well-being as excessive hours of labour. When these facts are considered, it becomes evident that Marx' thesis is incorrect, and that what is termed capitalistic production does not involve a continually increasing burden of work hours. Excess in this direction is no longer to be found in large factories, and is hardly to be met with anywhere except in those industries which are the least affected by capitalistic organisation, and in some of the smaller industries, especially when the work is done at home. That heart-rending poem of the "Song of the Shirt" describes conditions which no longer exist in production on a large scale.[1]

Although unable to disprove the evidence on this point, Marx does not abandon his thesis. Capitalists, he says, greedy for profit, have other methods, more efficacious and insidious than the increase of the hours of work, for extracting gratuitous labour from their workmen: one of these is first to replace skilled by unskilled workmen, and then to substitute women and children for the latter. Owing to the introduction of machinery, this continual lowering of the personal quality of workers can be effected, not only without loss, but with great advantage to the capitalist. Such a substitution is obviously detrimental to wage earners. Formerly the workman had to support his whole family, and this consideration governed the wages it was necessary to pay him; but to-day, when his wife and elder children go to work, it is possible for him to accept half of his former wages. Thus, when all the members of a family work, their collective earnings may not exceed the amount formerly received by the head of the family, when

[1] See *Le travail des femmes au XIX^me^ siècle*, P. Leroy Beaulieu.

he alone worked, with the result of increased toil, and greater physical and moral strain, without any improvement of condition. Another reason which Marx, in common with both theoretical and practical socialists, gives as an explanation why men are prejudicially affected by women's labour is, that the cost of subsistence is less for a woman than for a man, and therefore, when an industry is open to both men and women, the wages of the former have a tendency to fall, and it becomes possible for capitalists, by substituting women for men, to reduce their wage bill and increase their profit.

So far as regards the profit, it has already been shown that the ultimate effect of economy in production is not to increase profit, but to lower prices. The first manufacturer who availed himself of women's and children's labour, might no doubt secure a larger profit for a time, but very soon his competitors would follow his example, and his temporary advantage would disappear.

Considered as a whole, Marx' reasoning is tainted by inaccuracy and exaggeration. Is it to be supposed that women and children did not work at all before machinery and co-operative industry were introduced? So far from this being the case, we know that the burden of labour borne by women under old civilisations and amongst primitive nations was a terrible one; they laboured on the soil, collected fuel, carried burdens, and acted as builders' labourers, and they did all the spinning and weaving. It is one of the foolish hallucinations of this age to believe that it can modify, not only the visible manifestation, but the very nature of things.

When the system of small home industries prevailed, the labour of both women and children was excessive; and the assertion, that when all the members of a family work, their combined earnings are not greater than those that would be received by the father alone, is untrue. Facts show that, on the contrary, the wages of heads of families have risen considerably in the majority of industries during the last sixty years.[1]

[1] See *Répartition des richesses*, P. Leroy Beaulieu; also the

The wages earned by a man always tend to be determined by his capability; but supposing it to be true, which it is not, that the competition of women and children caused the wages of men to remain stationary, or to decrease, even then the family would derive a profit from their collective work. If three or four millions of human beings in a nation of thirty or forty millions become producers as well as consumers, it is evident that the total produce will be proportionately increased, and since the total number of consumers is unaltered, the price of commodities must fall. The actual wages, therefore, are potentially larger, although the nominal amount may remain the same. The extent to which this substitution of female for male labour has been effected is also much exaggerated. In many cases the change has been in the contrary direction. Spinning was an entirely feminine occupation before the advent of machinery, but it is so no longer: men have been substituted for women to a considerable extent in this industry. It is the same in the case of laundry work; and if women now have a share in the work of weaving and printing, they have been replaced by men in most hotels and in the larger shops. Again, industries employing exclusively male labour, such as mines, metal-work, and railways, have increased to a surprising extent, and the present difficulty is not so much the competition of women with men in the labour market, as to find suitable occupation for them.

Marx' statement is, therefore, contrary to fact, and his assertion that in England the number of women workers increases more rapidly than that of men is ridiculous.

It is unnecessary to dwell upon the laws relating to the labour of women and children, which, to a certain extent, have restricted the substitution of manual labour of women and children for that of men.[1] The prohibition of factory

researches of Léone Levi and Giffen, summarised in the *Bulletin de Statistique* for February and March 1884, and the *Bordereaux de Salaires en* 1900-1901, with retrospective tables published by the "Office du travail." [See also, note on p. 24.]

[1] See *Le travail des femmes au XIX^me siècle*, P. Leroy Beaulieu.

work for children under 12 years, and the limitation of hours of work to six for those between the ages of 12 and 16 and 18, deserve approval. With regard to adult women, it is maintained that, as child-bearers, both their own and their infants' health would be prejudiced by excessive labour; and, therefore, that the state is not exceeding its proper function by prohibiting night work altogether and restricting their work-day to ten or, at the most, eleven hours; it may be maintained also that this intervention is not arbitrary, but absolutely necessary for the protection of beings incapable of defence.

Again, Marx declares that capitalists, finding themselves foiled by legislation and by the menace of strikes, in their attempts to increase the work-day to more than ten or twelve hours, adopted another course, and, availing themselves of the acceleration of the rate of work made possible by machinery, they increased the amount of work done in a given time, and were thus able to make one man do the work of several. This "speeding-up," which at first sight appears to be an improvement in industrial economy, was welcomed by the more thoughtless economists, but was regarded with misgiving and regret by philanthropists and hygienists. Marx' observations upon the increasing pressure of labour arising from this cause constitute the weightiest part of his criticism; this phenomenon, indeed, is not altogether a satisfactory one, and superficial observers may well be deceived as to its real significance. There can be no doubt that the intensity, as well as the actual duration of work, ought to be taken into account, and a work-day of nine or ten hours may be quite as exhausting as one of twelve.

This tendency of modern industry is distressing, but it can be modified or arrested. Legislation can do something towards this end, although its sphere of legitimate action is limited; still, without undue interference, it can enforce precautions against accidents, and make employers who fail to provide necessary safeguards, responsible for the consequences of their neglect. Again, adult workmen, who are now educated, and who in most countries have

the right of association and collective action, are themselves in a position to stipulate that the stress of work shall not be so great as to throw an undue strain upon vitality, and by their collective action they are able to enforce compliance with reasonable demands. It seems, therefore, that the injury caused by intensity of labour is an evil which can be adequately guarded against.

Although Marx' criticism in this instance is to some extent justifiable, it does not assist in proving his thesis that profit is unpaid labour. Increased intensity cannot, any more than increased duration of labour, add permanently to industrial profit. So long as the "speeding-up" is confined to one factory, its proprietor will secure the profit arising from it, but competition will soon lead to a reduction of price proportionate to the increased profit-gain thus obtained. It cannot, therefore, be permanent, but like all advantages arising from industrial improvements, it will ultimately enure to the exclusive benefit of consumers.

The last, and one of the gravest charges made by Marx against the capitalistic system of production is, that it has a tendency to create a permanent excess of wage earners, and that modern society is therefore always overburdened with the "unemployed." History shows that this phenomenon is not peculiar to modern times. The descriptions of contemporary chroniclers, the numerous laws relating to the subject, and the institution of the English poor law during Elizabeth's reign, show that a class outside of, and incapable of incorporation with, the industrial life of society existed in former times, and notwithstanding Schäffle's encomiums upon the "solid social organisation of the middle ages," workless vagabonds and beggars abounded under that economic system. By the rules which limited the number of members of professions and guilds, and by the regulations in respect of "maitrise" ("freemen's rights and privileges") and apprenticeship, industry was at that time organised in water-tight compartments, and large numbers of men were in consequence unable to obtain employment.

It will be well to examine the grounds upon which Marx bases his assertion that an essential characteristic of capitalistic production is the creation of an always excessive number of workers, and consequently of "unemployment." This proposition is connected with his definition of capital, which, it will be remembered, he divides into "constant" and "variable."[1] Capital of both kinds is, he says, always increasing. The increase is, however, far more rapid in the case of "constant" than in that of "variable" capital. This is true, but the terms in which the division of capital is usually described are "fixed" and "circulating," in place of "constant" and "variable," and are not precisely equivalent to those used by Marx. The amount of "fixed" capital it possesses is a measure of the importance of a civilised nation, and the increase of "fixed," or, to use Marx' term, "constant," capital is of the greatest advantage to society in general, and more especially to the wage earners. The fact that people of all classes are now better clothed, and have better furnished houses than formerly, is due to this cause; but notwithstanding this obvious truth, Marx comes to the conclusion that the result of the more rapid increase of "constant" or "fixed," in comparison with "variable" or "circulating" capital, is to cause a surplus of wage earners.

Here, again, is one of those numerous statements, the truth of which collectivists find it necessary to assume, but for which there is no evidence. "Circulating" capital, in all civilised countries, also has a tendency to grow at a greater rate than the population. The population of France has not increased by more than about a quarter in half a century, whilst the money paid as wages has almost doubled during that period. This thesis of Marx is in reality nothing more than a repetition of the fallacy of some English economists of high repute, who believed in the existence of a "wage-fund" or definite sum from which the wages paid for manual labourers is derived; no such fund, however, exists. The remuneration of wage earners

[1] See *ante*, p. 25.

is in reality provided for by the produce of the manufacture upon which they are engaged at the time; and it is in reliance upon its selling value that wages are paid before the produce can be sold; but the sum required for wages, which depends upon many varying causes, can never be ascertained beforehand with any accuracy; and the idea that at any moment a definite amount—distinguished by Marx as "variable" capital, and by MacCulloch and Stuart Mill as a "wage-fund"—exists for their payment, is a delusion.

The theory of the surplus "unemployed" population is founded by Marx upon the fact that manual labour is constantly displaced by machinery. The capitalist is no doubt always endeavouring to economise manual labour by the use of machines: but this economy does not necessarily involve unemployment; it is true that for a time it may have this result, with all their advantages, machines, when first introduced, must necessarily disturb the labour market: provisionally at least, they must cause a certain number of men to be thrown out of work, and the attention of economists and philanthropists has long been directed to this momentous question. The displacement of labour caused by machinery cannot be denied; but its effect has been grossly exaggerated, and is far less serious now than when machines first came into general use in the early part of the nineteenth century. The derangement caused at the present time is not so sudden, so violent, or so complete, as it then was, because the use of machinery in civilised countries is now universal, and the conflict is now no longer between machines and the defenceless labourer, but between the new and the older forms of machinery. A machine, even if slightly inferior, is not readily abandoned. The change is therefore made slowly, and allows time for the readjustment of labour to meet the new conditions. The wage-earning population is now more intelligent, and no longer offers a blind opposition to the introduction of new machinery; quicker and cheaper means of locomotion facilitate the migration of labour from congested districts to others where labour is

in demand; and although new and improved machines are constantly being substituted for obsolete ones, there has been no repetition of the serious and persistent troubles which at first accompanied the change from hand-labour to machinery in the textile industries of France and England.

Proudhon anticipated Marx in giving a highly coloured picture of the evils caused by the introduction of machinery, which he describes as a national scourge comparable to an outbreak of cholera! If this comparison were to be taken seriously, it might be pointed out that even visitations of cholera are far less virulent now than formerly, since men have learnt how to mitigate the severity of the visitation. Thus, although it cannot be denied that serious disorganisation of labour was caused by the sudden introduction of machinery, this evil effect was only temporary, and under the changed conditions of the present day, the disturbance caused by new machinery is comparatively small.

Proudhon refers to the supersession of sailing ships by steam navigation, as an instance of the disturbance of labour. No doubt this was a change which proceeded with great rapidity; nevertheless sailing ships did not suddenly disappear: the number built was reduced, but fifty years after the advent of steam navigation, sailing ships still continued to give employment to large numbers of men. Statistics show that in England, in 1877, 17,101 sailing ships, with a total tonnage of 4,138,149, employed 123,563 men, and in 1899 the corresponding figures were 7899 ships, 2,117,975 tons, and 54,333 men. The number of steamships in 1877 was 3218, with a total tonnage of 1,977,489, and the number of men 72,999; in 1899 the number was 7298, the total tonnage 7,123,639, and the men 189,802.[1] From these figures it is clear that although the period referred to is that of the most rapid development of steam navigation, the change, although rapid, was

[1] See *Annual Statement of the Navigation and Shipping of the United Kingdom for the year* 1881, p. 265; and *Statistical Abstract for* 1899, p. 179.

not abrupt: sailing ships did not at once disappear, and sailors were not suddenly thrown out of employment. A further reference to statistics shows that in the four years, 1877-81, there was a reduction of only 21,000 men employed in sailing ships—rather less than one-fifth of the whole number—whilst on steamships the number increased during the same period by 17,500, so that during these years when the process of transformation was most rapid, the total number of men employed on the trading fleet of Great Britain was reduced from 196,562 to 192,903 in four years—that is, by only 3659 men. The effect would be that a smaller number of lads would become sailors, and some hundreds of aged sailors would have given up a sea-going life for service on land, at a rather earlier age than would otherwise have been the case. Thus, in this instance a great industrial revolution was accomplished with a quite insignificant disturbance of labour; and this has now become the general rule. New machinery is introduced without necessarily crushing human beings in the process. Temporary inconvenience may be suffered, and men may be rudely awakened from habits of routine or indolence, but severe or permanent evil is no longer caused by the change.

Marx, Proudhon, and their fellow-critics have failed to perceive that capital is in reality the guardian and protector of the wage-earning population. It is capital, represented by the older machines, which, in defending itself against displacement by newer machinery, is at the same time protecting the workmen. It must also be remembered that the replacement of obsolete by improved machinery, is not the only method by which fixed capital is augmented; it is also increased by additions to the number of the machines in use; and thus the effect of the growth of fixed capital, is to increase, and not to diminish, the demand for labour; but although this is a fact, the use sometimes made of it by economists is open to criticism. Dunoyer proved much less than he imagined, when he stated that the population of the Duchy of Lancaster, which was only 200,000 in 1750, and 672,000 in 1801,

increased to 1,336,000 in 1831, and that 1,511,000 persons were employed in the cotton industry, as against 40,000 before the advent of machinery. The difficulty of making an accurate statement of numbers in such a case is great; but besides this, the enormous development of this industry was in reality due to the fact that Great Britain supplied the whole world with cotton goods; and this exceptional circumstance destroys the validity of Dunoyer's deductions.

"Economists are in error," says Proudhon, "when they assert in an absolute way that simplification of the process of manufacture never has the effect of reducing the number of men employed in any particular trade." But prudent economists do not commit themselves to so rash a statement; what they contend—and experience has justified their contention—is, that in all branches of industry, machines, by increasing production, diminish the cost of commodities; that this, again, induces an increased demand; and therefore, when a discovery which effects an economy in the production of any particular commodity is brought into use, the probability is that the number of workmen employed will not be less than before, and that ultimately it will be greater. One of the causes which retards the introduction of new machinery, and in this way mitigates the disturbance attending it, is the existence of patent rights, the effect of which is to prolong the use of obsolete processes.

The perennial surplus of "unemployed," irrespective of malefactors and of the sick and incapable, has, in truth, no permanent existence, except in the imagination of Marx and his disciples. This imaginary surplus, condemned to sloth and want, is called by Marx the reserve, in contradistinction to the active, portion of the industrial army, and he declares that for capitalistic production the existence of this reserve is an absolute necessity. Facts, however, in no way support such an assertion; if anything is certain, it is that the displacement of workmen and unemployment is most frequent in those industries which are not organised upon a capitalistic system; it is small industries and home work that suffer most from this cause. The capitalist is

under compulsion to maintain his works and to preserve his market; he will therefore continue to work for a long time even at a loss, and his machines will only be stopped in the last extremity. In this way, machines are a protection, in times of industrial crisis, to the workmen employed upon them, whilst the workman who stands alone is at the mercy of every economic disturbance, every change of fashion, or slackening of demand; there is no one to intervene between him and disaster, or to find work for him when his usual sources of employment have failed.

Marx brings forward some not very happily chosen instances in support of his thesis: he enlarges upon what he calls "das wander volk," by which he means navvies employed upon railways, etc., and nomadic labour, such as the gangs of agricultural labourers in England. He forgets that in these cases it is not a question of a great industry carried on by means of machinery; work such as that to which he refers is generally manual labour performed with the aid of the simplest tools, such as the pick, the spade, and the barrow; such a system is not necessarily bad, and under proper management need have no ill-effects upon the industrial population. The same may be said with even more truth of those seasonal migrations of agricultural labour, which are not the invention of England or of our age, but are as old as humanity. Besides, that portion of the population which thus migrates in search of work is not a part of that unemployed surplus to which Marx refers: it is neither workless nor wageless.

The assertion that the conditions of modern industry destroy the security of the workman's position and the permanence of employment, is exaggerated and made without regard to facts which have an important bearing upon the subject. Contemporaneous industry provides many callings which a workman may pursue with an assurance of continuous employment and of a provision for his old age, and which offer him the chance of obtaining the maximum of security for his future to which humanity can attain. The fixed employment, such

as is afforded by railway and insurance companies, great shops, navigation companies, and many other industrial organisations, which employ workmen and clerks, not by the day, week, month, or even by the year, but for life, gives shelter to hundreds of thousands—indeed, millions—of those called *prolétaires.*

When attentively examined, the gravamen of Marx' charges disappears; they are applicable only to conditions which are for the most part of a temporary character, and are attributable to the unavoidable disturbance caused by the transformation of small into great industries. The development of friendly societies and voluntary insurance, of co-operation, of education, and the constant extension of general knowledge of the requirements, and the opportunities of industrial life, will altogether remove, or at any rate greatly modify, these disadvantages.

Marx' statement, that pauperism increases *pari passu* with wealth, which, in a way, is a summary of all his assertions, has been completely disproved; he dwells at length upon the subject, and attempts to show that the number of the unemployed and the development of industrial improvement are necessarily correlated phenomena. "The condemnation of one section of the wage-earning class to compulsory idleness, as a consequence of the excessive labour performed by the rest of that class, and *vice-versâ*, is one of the means by which capitalists are enriched, and which at the same time hastens the formation of the industrial army, at a rate proportionate to that of the social accumulation of wealth. How efficacious this cause is in creating a surplus of labour in relation to population, is shown, amongst other nations, by England, where the technical arrangements for economising labour are to be found upon a colossal scale; consequently, if the amount of work performed there were suddenly to be restricted within reasonable limits, and were graduated for the different classes of workers according to their age and sex, then the existing population would be quite insufficient to carry on the

national production upon the present scale. The great majority of those now unproductive would have to be converted into productive labourers."[1]

This course of reasoning is really childish, and of equal value to that pursued by those wage earners who declare that if the work-day were shortened by two or three hours there would be work for everybody! Neither they nor Marx appear to understand that if this were done, the price of commodities would increase, sales would fall off, or be restricted, there would be less national produce to divide, and the purchasing power of wages would be diminished. This statement does not imply that the length of the present work-day and the rate of work are unalterably fixed, but only directs attention to the teaching of experience, founded upon actual fact, which shows that any artificial action by which the duration and rate of labour is suddenly and simultaneously reduced throughout a country must have the effect described, unless counteracted at the time by some invention which increases the amount of commodities produced in a given time.

Marx endeavours to uphold his so-called "law," that the capitalistic accumulation of wealth is at once the effect and the cause of a surplus population of labourers, by numerous examples. Many of these are drawn from the industrial history of England for the period 1846 to 1866. Some of the facts he quotes, however, which relate to overcrowding and the displacement of labour, have no special bearing upon the thesis under discussion. Without referring to these facts in detail, it may be shown from the English poor law statistics, which have a very different value from that of the disconnected statements made by Marx, that this so-called "law" is non-existent. The poor law returns for 1849 show that in that year there were 201,644 able-bodied paupers and 732,775 others, making a total of 934,419, the population of England and Wales at that time being 17,564,000; in the year

[1] *Das Kapital*, pp. 661, 662.

1900 there were 99,720 able-bodied and 698,630 other paupers in a population of 32,091,407."[1]

An examination of the yearly tables of pauperism shows that between 1849 and 1883 (34 years) the population of England increased by 53 per cent., in round numbers, and that during this period paupers decreased by 140 per cent.; from 1883 to 1900 pauperism did not increase, and the numbers for the years 1899 and 1900 are far below those for each of the years 1849 to 1875. When compared with population, the decrease of pauperism is even more striking: whilst in 1883 the pauperism in England and Wales was 3 per cent. of the population, in 1849 it was 5·1 per cent., and in the following years it continued to be about 5 per cent.; from that time it decreased with almost, although not quite, complete regularity. In the period 1877 to 1880, there was a slight increase, due to general slackness of trade; but this reaction was neither accentuated nor permanent, and in 1900 the paupers represented only 2·48 per cent. of the population—a lower rate than in any previous period.

The foregoing facts not only give a categorical and irrefutable contradiction to Marx' assertions, but they also show that during the period referred to the proportion of the two classes of paupers—the able-bodied and the not able-bodied—has been reversed. In 1849 the numbers of able-bodied paupers was 201,000, and during the nine following years it never fell below 126,000. In the decennial period 1860 to 1869, the number varied between a minimum of 136,000 and a maximum of 253,000; from 1874 to 1883, from a minimum of 92,000 to a maximum of 126,228; from 1891 to 1900, from a minimum of 97,745 to a maximum of 116,478—a number which is actually less than the minimum in the two periods 1850 to 1859 and 1860 to 1869—whilst in the meantime the population had increased by 60 per cent.

If it is sought to explain the decrease in the numbers of able-bodied paupers by emigration, it must be remembered

[1] See *The Financial Reform Almanack*, 1884, pp. 114, 118; also, *The Statistical Abstract in* 1900, pp. 250, 258.

that England and Wales are countries of immigration and not of emigration.

Apart from these figures, which so completely destroy Marx' thesis, reason and experience alone would suffice to demonstrate its fallacy. If it were possible to find out by adequate enquiry the real circumstances of able-bodied paupers, it would be found that in the majority of cases they are due to some personal defect of character, and that this class is outside the ranks of the regular army of industry. The tendency of the larger industries, at a time of industrial depression, certainly would not be towards the creation of a surplus of unemployed, seeing that it is to their interest to avoid a complete cessation of work; and in place of discharging their men, as is often unavoidable in the case of small industries, their practice is to reduce either the number of hours worked or the number of work-days in the week: and in this way absolute want is averted, even during a severe crisis, for the generality of workmen, although their wages may be reduced.

Speaking generally, therefore, the organisation of industry upon a large scale constitutes a defence against the evils of unemployment; and with regard to smaller industries, the statistics of pauperism for Paris, since the beginning of the nineteenth century, afford a means of judging to what extent these also were capable of fulfilling a similar *rôle*.

In 1803 it was reckoned that there were 43,552 families or 111,626 individual paupers in Paris, and the population at that time was estimated at 547,416, so that there was 1 pauper to less than 5 persons. Between 1803 and 1814 there was hardly any improvement. The restoration brought peace to the country and order to its finance: public works were commenced, industries upon a large scale made their first appearance; under the influence of these conditions pauperism decreased. It is calculated that in 1813 there was 1 pauper to 5·69 persons in Paris, and in 1818 1 to 8·08. By 1864 the proportion had decreased to 1 in 16·16. In this latter

year (1864), the total number of paupers was 111,357 (42,098 families); in 1880, when the population was, in round numbers, 2,250,000, the number of paupers was 123,735 (46,815 families)—a proportion of 1 pauper to 18 inhabitants, which is the lowest since the Revolution, with the exception of the year 1750; but the old suburb which contained the largest proportion of pauper population had not then been included within the bounds of the city of Paris. Charity, also, was less active then than it is now.[1] We see, therefore, that although the population of Paris quadrupled between the years 1803 and 1895, the number of paupers in the latter year was but little in excess of that in 1803 and the following years.

It should be added that of the 130,000 paupers in 1895, 54,012 were classed as annual or permanent, and 76,121 as temporary, recipients of relief. In 1893 the proportion of men, women, and children to the whole number of paupers was—men 33·61, women 64·70, and children under sixteen 1·69, and of the men a large proportion were aged. The foregoing statistics are all the more significant, when it is remembered that the development of the railways brought a crowd of the provincial poor to the city. Dr Desprez, who has had great experience in questions of public relief, stated in a letter published by the *Économiste française*, 2nd February 1884, that provincial wage earners established in Paris frequently bring up their indigent parents from the country to be maintained by public charity in that city. The proportion of the number of poor in receipt of relief in Paris, but born outside, to the whole population of the city is far larger than that of the poor who are natives of Paris or foreigners.[2]

The statistics of pauperism in Paris, taken in con-

[1] These figures are taken from the *Statistique de la France*, by Maurice Block, 2nd ed., vol. ii., p. 489, and from the *Annuaire de Statistique* for 1883 (by the same author), p. 452, and from the same annual for 1899, p. 779.

[2] See *Statistique de la France*, Maurice Block, 2nd ed., vol. ii., p. 489

junction with those for England, conclusively prove the fallacy of the statements made by Marx and other scientific or sentimental socialists. The realities of life are less harsh than these indignant and doleful writers imagine, and the social hell which they depict exists rather in their sombre imagination than in the economical organisation of modern society. In face of the figures quoted, what becomes of Marx' so-called "law," that the accumulation of wealth deprives a constantly increasing number of the population of employment, and reduces them to want?

and following pages. Also, *Annuaire de Statistique*, by the same author, for 1883 and 1895; and *Annuaire de Statistique de la ville de Paris* for 1893, published in 1895; and the Census Returns for 1896.

CHAPTER IV

The practical application of collectivism. *Quintessence of Socialism* only available source of information. Automatic performance of social functions. Free choice of personal requirements. National production. Variation of salaries and wages. Statistics and national production. Mutual surveillance by workmen. Joint stock companies and state management. Individuals and the progress of humanity.

IT has not been difficult to demonstrate the sophistical character of the so-called "scientific" deductions on the subject of capital and of wages. It now remains to examine the positive measures by means of which it is proposed to ameliorate the present social organisation, or rather, to ascertain by what system that which now exists is to be replaced. In this investigation, Marx will be of no further use: his empty and ironical dialectic is confined to criticism, and he makes no attempt to deal with the positive or constructive side of the collectivist theory. The remark made by Proudhon upon Louis Blanc applies to him with equal truth: "As for the philosophical value of his work, it would be precisely the same if the author had confined himself to writing on each page 'I protest.'"

Marx' brilliant rival, Lassalle, affords no greater assistance; his idea of workmen's associations subsidised by the state was never worked out in detail, nor did he attempt to realise and depict the future of humanity; in fact, the *Quintessence of Socialism*, by Schäffle, already frequently referred to, represents the only attempt that has been made to give any definite idea of the proposed reconstruction of society. By socialism, Schäffle means the "New Socialism" or collectivism, which has nothing in

common with the sentimental aspirations and vain dreams of writers of the first half of the nineteenth century.

The object of the international socialistic movement is explained by Schäffle to mean the supersession of the present system of production by means of private capital, directed by individual enterprise, and free from all social regulation except that imposed by free competition, and its replacement by a system based upon the possession of all means of production by society as a whole. This method would suppress competition by placing all production which is capable of being managed collectively under official administration, and by distributing the wealth produced by all to all, the share of each producer being fixed by the social value of the work performed by him.

Under the existing capitalistic system, Schäffle says, the possessor of capital may select any industry he chooses, and exploit it for his own personal benefit; but in a collectivist state the community would be able to concentrate the now-scattered forces of labour, and distribute to all the products thus collectively obtained. Individual enterprise would exist no more; there would be only collective labour, socially organised in establishments for production and exchange, provided by collective capital. The profit of the capitalist, as well as the wages of the labourer, would be abolished, and the deficiency or excess of products would be adjusted in relation to requirements by means of reserves of commodities stored in public warehouses.

This description defines with sufficient accuracy the general meaning of collectivism as opposed to capitalism.[1]

Schäffle adds that loan capital, credits, land and house rent, the bourse, trade in commodities, markets, advertisements, and, above all, metallic currency, would be abolished under the new system; but he declares that in respect of personal requirements and articles of consumption, individuals would retain freedom of choice, and that saving, and even inheritance, would continue. An average degree of comfort would be secured for every-

[1] Schäffle, *op. cit.*, pp. 3-6.

body, and individual merit would receive recognition and reward.

The various features of this proposed collective organisation must be considered in relation to production, trade, distribution, and consumption. It is imperative also to form an opinion upon the probable effect such a system would have upon industrial progress and liberty, and upon the relations between a collectivist state and other nations, whether themselves also collectivist or not; for no state can produce all it requires, and international commerce is therefore a necessity. This last point is one of great importance, and it is a singular fact that it has been altogether ignored by collectivists.

One of the points upon which collectivists rely as evidence of the superiority of their system, is that in place of what they describe as the disjointed, inhuman, and anarchic action of unrestrained competition, it would substitute harmonious and humane co-operation. But consideration of the close analogy which exists between the functions of the social and those of the human body, seems to prohibit the hope that these advantages could be secured. The majority of the most important functions of the body are performed without any conscious act of volition: the lungs fill themselves with air and purify the blood, the heart beats, the stomach digests, the liver, the kidneys, the brain, and the various tissues select from the blood the constituents they require, and all this is done without any conscious act of volition. Would it be an improvement if the punctual performance of these never-ceasing vital actions were to be dependent on the supervision of the mind and the will? Even supposing this to be possible, man would obviously lose immeasurably in intellectual leisure, in serenity, and in dignity, without securing any improvement in the regularity and security of his animal life. Again, in addition to the vital functions thus automatically performed, many habitual acts which are of great importance and admirably adapted to effect their objects are instinctively and unconsciously performed. The great significance of instinctive acts has been clearly

explained by Spencer and Darwin, who have also shown that if they were to become volitional, the action necessary to save the individual from dangers to which he is constantly exposed would generally be too late.

We see, then, that a social system which postulates the substitution of the slow and hesitating agency of the state for the free spontaneous action of individuals, and which assumes the existence of equality, or approximate equality, in the faculties of individuals, is obviously opposed to the teachings of contemporaneous science, and to the lesson to be learnt from the doctrine of evolution.

In society, as in the individual, the greater part of those individual actions, without which life would cease, are performed unconsciously. The intervention of the state is unnecessary, and would be certain to cause derangement. The daily adjustment of the demand with the supply of the necessaries of life is of this order; habit and unfailing instinct play a great part in the work, but both are directed by personal interest.

At first sight it is difficult to understand how great cities like Paris or London can day by day be regularly provisioned without the intervention of the state, or at least without the assistance of regulations prescribed by authority. Nevertheless, their inhabitants sleep with tranquillity undisturbed by apprehensions as to the provisions required for the morrow, which never fail, and yet all this is effected unconsciously: "il monde va da se," as Galiani says. Persons who are absolutely ignorant of statistics and political economy, and who never give a thought to the general welfare, are nevertheless completely successful in supplying these great cities with the required quantities of all the innumerable commodities demanded by their inhabitants.

Just as the drops of blood unconsciously convey to each organ in the human body the elements required for its nutrition, so by individual men—the molecules of the social organism—each one silently performing his task, this marvellous work is accomplished. It is this perfectly adjusted and unfailing mechanism which it is proposed to

replace by the action of collective intelligence and collective foresight—in other words, by the perplexed deliberation of a number of individuals selected from their fellows, not on account of any special aptitude for the task, but by the fortuitous action of the ballot.

This wonderful automatic adjustment of supply and demand is far from being an incoherent and anarchic force, as asserted by collectivists; it acts with perfect regularity, and in obedience to immutable laws. Human will is not actuated by chance, it is not blind, nor are its actions inconsequent: it is impelled by steady purpose, and in obeying the impulse it acts with uniformity. To suppress individual initiative on the ground that its action is anarchic, is to repudiate the teaching of science. The statistics of marriages, of criminals, of letters posted, etc., show how little the numbers vary from year to year, and illustrate the general uniformity of human actions, and how far they are removed from anarchy. A well-known philosophical writer, Buckle, in his *Introduction to English History*, gives an epitome of individual actions, which, when considered in the aggregate, no longer appear to be either unregulated or eccentric. A force is not necessarily unregulated because it acts automatically; on the contrary, it is most probably more regular, more uniform, and more purposeful in its action, than a force which is entirely directed by volition—a fundamental truth which is quite disregarded by collectivists.

Schäffle frankly acknowledges that personal interest is the real incentive to effort, and questions whether an equal degree of economic productivity would be attainable under a socialistic *régime*. This question, to which he admits that no satisfactory reply has as yet been given, he considers to be of supreme importance. He enumerates various conditions which must be fulfilled by collectivism before the desired end could be attained, and adds—"otherwise it will scarcely secure a fairer distribution of the national produce, and certainly not greater economy in social production, than is on an average secured by the liberal industrial system, acting through the most acute

stimulus to private interest, and by proportioning price, not only to the cost of production, but also and mainly to the value-in-use of separate services and commodities at a given time and place, and in a given trade or industry."[1]

He goes on to say: "... but one thing can be positively stated. The socialist programme of to-day does not yet fulfil this condition; it has not yet the necessary practical clearness of ideas as to the requisite organisation for competing labour. And yet there can be no doubt that if the present capitalistic competition, with its strong economising pressure, were withdrawn, the competition of labour would have a larger task, and would need a stronger impulse and a nobler organisation."[2] What can be said of would-be reformers who have so hazy a conception of the changes they advocate, and possess so little faith in the reality of the advantages they promise?

Since, as is admitted, individual initiative and capitalistic competition exercise so powerful an influence in securing great social productivity, it is obvious that the action of these forces cannot be incoherent, as is alleged; if this were so, they would be self-destructive and merely subversive. Such a statement implies defective philosophy; it is indeed ludicrous at the present day to assert that because a force acts automatically it must on that account be necessarily incoherent and subject to no law. Gravitation is a force which is automatic in its action; and individual initiative, apparently isolated, but acting not by chance or caprice, but always with a definite purpose, plays the same part in the economic, as the force of gravitation does in the physical world. It is this force of individual initiative, essentially harmonious and regular in its action, which holds society together and ministers to the requirements of all with far more rapidity and efficiency than would be possible under the system by which it is proposed to replace it.

Collectivists imagine that they can offer a solution of the problem of the scientific organisation of national production upon a collectivist basis. The method they

[1] Schäffle, *op. cit.*, pp. 57, 58. [2] *Ibid.*, p. 58.

propose is the appointment of directors of national production, and the establishment of a permanent bureau for enquiry. In considering this proposed system, three questions suggest themselves:

1. How, when control and enquiry are officially centralised, could production adjust itself to the requirements of consumption?

2. By what means could producers be induced to work to the best economical advantage?

3. How could progress, both in industry and agriculture, be secured?

We are not told how the committees of control would be formed: whether it would be by the suffrage, either universal or restricted, by official nomination, or by co-option, that these men, who would literally control the life and death of their fellow-citizens, would be selected. According to democratic theory, popular election will always secure the most capable individuals; but this is a curiously mistaken idea, and is quite unsupported by experience. No one, at any rate who wished to produce evidence of the infallibility of the elective method and the purity of the elected, would appeal to France, where elected bodies, whether national or municipal, are full of ignorant or simple-minded men incapable of prevision, or of men lacking character and disinterestedness; nor do the United States appear to be in any better case in respect of the capabilities and the virtues of its elected bodies. But assuming that the wisest and best citizens can be selected by popular election, how prodigious is the task with which they would have to deal! Consider the present French budget: what difficulties it discloses, and what an effort is necessary to cope with them. And yet it is only a matter of three, or, including the extraordinary budget, three and a half milliards of francs (£140,000,000); and of this sum the state is only directly concerned with a small portion. About twelve hundred million francs (£48,000,000) merely pass through its hands in payment of interest on the public debt, and many hundred millions of francs are paid to contractors for the execution of works not under-

taken directly by the state. The work of arranging the budget is entirely financial; its mechanism is easy to understand and control, since for the most part public expenditure is in each year very similar to that in former years; nevertheless the nation's representatives find even this comparatively small business very difficult, and rarely succeed in dealing with it successfully. The task of officials responsible for national production would be of a far more formidable character, both with regard to the work and responsibility.

The very life of the whole nation would depend upon the exact performance of their duties: food, clothing, dwellings, even amusements—all must be arranged for; and since nothing could be provided, except in obedience to official directions, and in accordance with official arrangements, the smallest mistake might cause a deficiency of bread, of meat, of fuel, or of clothing, and a faulty calculation might expose the citizens to the risk of starvation. The only task that could equal so prodigious an undertaking, would be that of the directors of distribution, who would be responsible for the life of each individual, just as the directors of production would be responsible for the life of the nation as a whole. Is it conceivable that men could be found so presumptuous and so self-confident as to assume responsibility for the daily life and daily needs of all these millions of human beings?

For help and guidance in their task, they would have to rely upon statistics supplied by the committees of enquiry. Now, statistics, when carefully compiled, make it possible for experts to form opinions which, if arrived at with extreme caution, may be approximately correct; they also provide indications of which men endowed with intuition and intelligence can make good use; but they are defective in many respects, and when the subject to which they relate is complex, they are always liable to be affected by the idiosyncrasy of the compiler. Another cause which makes this source of information deceptive and not to be relied on, is the delay, often considerable,

between the occurrence of the events and the completion of the statistics relating to them.

A nation whose very existence depended upon the absence of statistical errors, would indeed be in a parlous state; even the most perfect statistics can do no more than supply information, which has then to be interpreted, and the interpretations are certain to vary widely.

The instinctive action of individual initiative in regulating production in accordance with demand, must always be infinitely superior to organisation based upon the most trustworthy statistics, and the fluctuation of prices must always be a more rapid and certain indication of the required amount of production than statistical abstracts. When the price of corn rises or falls, it is a sign that the market is either insufficiently or over supplied. The fact becomes immediately and widely known, and dealers in both hemispheres act in accordance with the indication; but under a collectivist *régime*, price, the automatic regulator, which acts instantaneously, and is worth ten thousand "enquiries," would no longer exist. What substitute could be found for the warning it gives? It would be necessary to undertake an infinite series of calculations as to the available supply in relation to the demand in each different district. "Price" is the sure guarantee of an adequate supply, and is thus the guardian of the subsistence of humanity. If irony, so favourite a weapon with Marx and Lassalle, were resorted to in criticising their childish schemes for organising national production and consumption by means of omnipotent councils, what a picture might be painted! how easy it would be to depict the perplexities and miscalculations of the oligarchy, without whose order and permission no one could grow a turnip or manufacture a button![1]

To guard against possible errors, which would be fatal, on the part of these omnipotent directors, an immense bureaucratic system is proposed. On this point Schäffle says: "Imagine the control of all production vested in a

[1 See *Pictures of a Socialistic Future*, Eugene Richter, Translation. Swan, Sonnenschein & Co., Ltd., 1907.]

single office of public economy, in a single central office representing the bureaus of production and sale, it being insignificant whether this control was arranged in the spirit of federal or of centralistic socialism. In such a case, no doubt, an actual transport of products from one factory to the other, and a delivery to the consumers, would have to be organised from the central and intermediate stations of the economic organisation; transport, housing, and storage, in order to secure the distribution of each article of production over all the necessary districts in the right proportion and at the right time, in proportion to the public returns stating the demand of each district, become unavoidable. Therefore, transport and storage, which accompany the trade of to-day, would be the necessary concomitants of the barter of the socialistic state, and would be conducted in accordance with a centralised filing of accounts, book-keeping, and settlement between all the branches of business."[1]

The amount of book-keeping which would be necessary under a collectivist *régime* would be appalling, and Schäffle asks himself with some misgivings "whether practically the close commonwealth of the socialists would be able to cope with the enormous socialistic book-keeping, and to estimate heterogeneous labour correctly according to socialistic units of labour time."[2]

Those who imagine that it would be possible to replace the instinctive, spontaneous, and always active force of individual enterprise, by the slow and clumsy mechanism of accounts and statistics, forget that some human necessities do not admit of delay.

Schäffle describes with sufficient accuracy the principal objects of commercial enterprise as being:

1. "Social determination of the collective demand which, economically speaking, is able to be satisfied."

2. "The determination of the quantity and quality demanded of the produce which, economically speaking, deserves to be furnished (is demanded)."

3. "The continuous establishment of an exchange

[1] Schäffle, *op. cit.*, pp. 71, 72. [2] *Ibid.*, p. 86.

value such as to maintain the economic balance between production and consumption."[1] But he forgets that for the performance of these complicated functions, of which his analysis is very incomplete, individual enterprise has means far superior to any that could be derived from statistics; its essential function is to adjust supply to demand; and although statistics are one of its channels of information, they are not the most rapid or certain. "Price" is the guide, and in response to its unerring directions enterprise, spurred by personal interest, acts with extreme rapidity and certainty.

Deprived of this guidance, and without the incentive of personal interest, accounts and statistics, however complete, would be of very little use, and, unless they were the mundane representatives of an omniscient providence, the directors of production would be quite unable to avoid occasional excess or deficiency of supply, which would cause terrible disorder and confusion, with effects infinitely more serious than mistakes made by private enterprise, which, as a whole, is never actuated by precisely similar motives; thus its errors correct each other, and being uninfluenced by prejudice or *amour propre*, it shows a marvellous quickness of adaptation; mistakes committed by the state would be not only far more serious, but far more difficult to remedy. A collectivist *régime* would necessitate a bureaucracy of the hugeness of which we can form no conception, far larger, more pedantic, and more dilatory than that we now possess, which even now is the cause of so much complaint. Seeing how vast and complex is the task, it may safely be affirmed that no bureaucracy, however vast, could so organise the business of production and distribution for a great nation as to avoid exposing its inhabitants to a constant risk of destitution and famine.

Schäffle professes that under a collectivist *régime*, everyone would retain the right of deciding upon his personal requirements. This is a vital matter, upon which the liberty and the dignity of humanity depend.

[1] Schäffle, *op. cit.*, pp. 73, 74.

If society is so organised that men can no longer obtain the objects they desire, and to which they have a right, what becomes of liberty? Liberty, variety, life, are terms inseparably connected: destroy one and the others are valueless!

At the present time, the determination of individual wants is unrestricted, and is met by free and quickly responsive trade. Besides the commodities indispensable for existence, civilisation has an infinity of requirements; and so long as the rights of others are not violated, and public morals and conduct are respected, it is permissible for each individual, so far as his means allow, to obtain whatever he desires. An elastic and tolerant system such as this, is the only one which is compatible with liberty; and short of imposing a yoke upon the human conscience, heavier than that ever placed upon it by the strictest priestly domination, governments are bound to respect the free determination and satisfaction of human wants.

Private commerce alone can guarantee the continuance of these conditions. To-day it is demand that determines supply, and private enterprise is always on the alert to meet it; but under a collectivist *régime*, when no one except the sovereign state could manufacture articles for sale, the position would be reversed, and the state would be able to ignore or eradicate wants of which they disapproved by simply neglecting to supply them. If the government were to fall into the hands of fanatical teetotallers, the nation would be forced to drink water or some authorised temperance drink, and it would be contrary to law for any one to evade this unpleasant regulation; or if by chance vegetarians were to come into power, there would be no more liberty of diet for those accustomed to eat meat. No doubt such a state of affairs may appear improbable, but no one can foretell the length to which sectarian zeal might be carried by an omnipotent body, in a position to decide what commodities should or should not be produced. It might quite possibly happen that the majority of the directors of production would be vehemently opposed to luxury of all kinds. If

this were the case, pleasing superfluities, such as jewels and finery, equally dear to the daughters of the people, as to richer women, would be proscribed, and there would be a compulsory reversion to the simplicity of attire and the gloomy uniformity of conventual life. Intellectual liberty would suffer equally. Mental enjoyment requires books; but since the state would be the only printer and the only bookseller, if the administration fell into the hands of pietists, the production and sale of all books, except those bearing the impress of the definite form of religion approved of by the state, would be prohibited; the human mind would be thus subjected to a yoke more terrible than it has ever known—the practices of Torquemada and of the Inquisition, would be mild in comparison. It may be said that there is little danger that a modern nation would become the prey, and state administration the instrument, of pietists; but if the choice of the electors should fall on free-thinkers, the evil would be just as great, even greater, since of late years a fierce and intolerant sect of so-called free-thinkers has appeared, who ardently desire to coerce the human conscience into conformity with their barbarous and narrow conceptions. Under the existing social organisation, even if sectarians should succeed in securing the governing power, and use it to strangle all creeds other than their own, the human mind would find partial relief at any rate through the agency of private enterprise, which would be certain to discover some way of evading oppressive regulations. But if private enterprise were suppressed, and the state were the only employer and the sole distributor of subsistence, no shelter would be left for poor humanity. No power that could be granted under any other system of government, would be comparable to that conferred upon the directors of national production under a collectivist *régime*,[1] and if men of strong convictions became possessors

[1] For the views of socialists upon this point, see the *Bibliothèque socialiste*, "Le capital," par Karl Marx, résumé et accompagné d'un aperçu sur le socialisme scientifique, par Gabriel Déville (depuis député), p. 32.

of such a power, they would be certain to use it for the suppression of opinions opposed to their own. The menace to philosophical opinions is quite as great as that to religious doctrines: mysticism and deism would find no more favour than the most orthodox sentiments. Again, what would become of art when the work of artists would be subject to the dictation of the directors of production and the state would be the only purchaser?

Schäffle finds himself compelled to admit that collectivism would be a constant menace to the freedom of personal demands, and Stuart Mill, with his wonted insight, acknowledges the innate tendency of the populace to assume despotic power. Here is what Schäffle says: "It would no doubt be in the power of the state to check entirely all demand for what seemed injurious by simply not producing it; the vegetarians—Baltzer, for instance—lean towards socialism for this reason. But to keep the whole community free from adulterated and pernicious goods is no small advantage, and the task of guarding against the abuse of this power—for instance by unreasonable temperance men—could safely be left to the strong and universally developed sense of individual freedom.

There is, therefore, *on the whole*, no reason why in a system of united collective production the wants of individuals should be regulated by the state or limited by its officials. It is especially important to emphasise this, as we must insist that if socialism did deny the freedom of the individual demand, it would be the enemy of freedom, of civilisation, and of all material and intellectual welfare. This one practical fundamental right of the individual, to spend his private income according to his own choice, is not to be sold for all possible advantages of social reform; and therefore socialism must, to begin with, be brought to a clear understanding on this point. If it unnecessarily gives to its principle of production such a practical outcome as shall endanger the freedom of the individual in his own household arrangements, it becomes inadmissible, whatever countervailing advantages it may promise and even offer; for the present liberal system, in spite of all

its accretions, is ten times freer, and more in the interests of culture."[1]

Schäffle shows much *naïveté* in imagining that the danger he describes so clearly will be evaded. His French translator, M. Malon, malcontent with these gloomy forebodings, quotes the following sentence from Stuart Mill: "Nevertheless, if a choice between this communism with all its risks and the indefinite continuance of the existing system of society were to become necessary, I would choose communism." This, however, is only the expression of a passing feeling of chagrin and pessimism, and Stuart Mill is far better advised when, after reflection, he describes the moral evil which is caused by excessive state interference: "In some countries the people refuse to be despotically governed, in others they desire that every one should have an equal chance to tyrannise over his fellows. Unhappily, this latter kind of desire is quite as natural to humanity as the former, and many examples of it may be found amongst civilised men. In proportion to the extent to which a nation accustoms itself to manage its own affairs, in place of permitting their government to do it for them, will be its desire to repudiate tyranny rather than exercise it. When, on the contrary, initiative and actual administration are in the hands of the government, and individuals feel themselves to be always in subjection to its tutorship, public institutions develop, not any desire for liberty, but an unlimited appetite for place and power; the intelligence and energy of the people are thus diverted from their proper work to a contemptible competition for the posts and petty distinctions of public functions."[2]

The strength of this natural tendency seems to preclude the hope that collectivism would respect individual freedom of demand; and if the state were to become the sole producer, official regulation, subject to no appeal, would be substituted gradually but inevitably for freedom in the

[1] Schäffle, *op. cit.*, pp. 44, 45.

[2] *Principles of Political Economy*, Stuart Mill, book v., chapter xi., p. 6.

choice and satisfaction of personal requirements. Party would reign and crush its enemies, and the minority, however numerous or intelligent it might be, would no longer have any protection.

This inevitable consequence of the proposed system ought to be sufficient to secure its rejection, however attractive its promises might be; but these promises themselves will not bear examination.

Sagacious socialists recognise the enormous difficulty involved in the satisfactory organisation of a system for national production, but they have no better defence against criticism than hypotheses and conjectures. A collectivist system of national production must of necessity be uniform throughout the country, and would therefore require a highly centralised organisation.

It is inconceivable that any economically satisfactory classification of industries could be devised; as things now are, the discrepancy between supply and demand registers with unfailing precision the requirements of commerce, and supplies a guide of extreme sensibility. The moment that there is a rise of profit or of wages in any branch of trade, it is a sign that in that trade demand exceeds supply, and conversely when they fall. We see, therefore, that it is the market price, constantly varying, which maintains the economic equilibrium between supply and demand. Schäffle, with all his ingenuity, is unable to discover any substitute for this equipose, and suffers from anxieties upon the subject, which he vainly attempts to allay by hypotheses which are themselves irreconcilable with the principles of collectivism. "The bureaus of disposal ascertain the demand, distribute accordingly the national labour among the different classes of trade, among the departments of production, transport, and storage, and their bureaus, and fix the value of the produce in proportion to the labour-time socially necessary spent upon it."[1]

The idea contained in these words is less simple than it appears to be at first sight. Neither Schäffle nor Marx intend that wages should invariably be regulated by the

[1] Schäffle, *op. cit.*, p. 74.

time actually worked, and both admit the existence of slight differences and inequalities; but the consideration of this question, which relates rather to distribution than production, will be deferred for the present.

The expedients to which Schäffle resorts in attempting to find some substitute for the foresight exercised under the incentive of personal interest, and for the guidance afforded by the fluctuations of profits and wages, shows how great are the perplexities and inconsistencies of the collectivist doctrine. "The socialist state," he says, "would never be capable of coping with its task if it did not follow on these lines,—if it fixed the day's wages only on the basis of sheer cost in labour-time instead of rating it,—where there is a local and temporary fall in the use-value of any kind of work, more or less below the simple day's work; and where there is a local and temporary rise of the use-value of the same, above the simple day's work, as the case may be. If it is not competent to do this, it will never be able to check the unproductive accumulation of commodities, but will be compelled to *order* all workmen to their several posts of labour."

This candour is admirable, as also is that shown by the admissions which occur so frequently in his book,—such, for instance, as the following: "If socialism cannot do this, if it does not know how to retain freedom of demand, it would destroy all civilisation: if it cannot retain the sanctity of the home, it would almost entirely put an end to liberty: if it is unable to devise means of securing the variation of prices and wages in response to fluctuation in demand, it could not escape from useless accumulation on the one hand, or from deficiency on the other."[1] This constant repetition of phrases, in which he declares that if the collectivist system cannot accomplish this or that it is hopeless, indicates a singular mental attitude in one who writes as the evangelist of a new social order of things!

In place of these gloomy forebodings of failure, an advocate of collectivism ought to show that this system

[1] Schäffle, *op. cit.*, p. 91.

would be capable of successfully performing its duties and of avoiding the dangers indicated. To prove its inherent incapability of performing this double task, it is only necessary to give some further quotations from Schäffle. "On the contrary, if the use-value is included in the social labour estimate (the social value-in-exchange), private interest will withdraw the workmen, then as now, from unproductive fields of labour to those which are productive. No compulsory assignment of posts would be necessary; all the real advantages of liberal free migration and a free choice of employment might then be rather considered as transferable to the social state. The freedom of individuals in turning their energies to work would be preserved. A profitable rearrangement of labour-power would be made possible for the officials appointed to organise it.

"In itself the taking into consideration of the use-value in determining social value rates is not inconceivable. With unified production, it would very soon be noticed what kinds of labour are in excess or in demand, and where this is the case. The alterations and diminutions in the demand might be much better surveyed as a whole. Lower or higher rates would have to be fixed accordingly, in order to stimulate the migration of labour suitably to economical requirements. But then the present mistake in their theory of value, according to which the value conforms to the social labour-cost alone, would have to be abandoned, in respect of the estimated value of productions. Both would have to be lowered when the use-value rises. Unless this use-value is introduced into the social estimate—that is, without a corresponding imitation of all incidents which affect value in the present market—it is not conceivable that any authoritative direction of the consolidated productive system could keep the demand for labour and for goods, as to quantity or kind, in harmony with the supply of labour and of goods—that is, could preserve that economical balance of work and consumption which is being daily re-established, though only by jerks, under the influence of the market prices, which take note

of fluctuating use-value (demand), as well as of labour-cost in production.

"It may therefore be seen that three things depend upon the correction of the theory of exchange-value in question:—(1) The possibility of maintaining and of generally directing so great a body of labour, production, and demand, in economical equilibrium; (2) The granting of the necessary individual freedom of labour and consumption; (3) Lastly, the stimulation of each individual at all times to the economical employment of labour-power and of goods. By this means the new condition of things would indeed come very much nearer to the life of the present day and to its usages.

"Now, whether it would ever be possible to organise a social system of assessing values (a determining of the social exchange-value), according to a scale in which the particular and changing use-value of all individual labour and all particular produce should be a factor, we will not decide for the present. The question has hardly yet been discussed, and is therefore not ripe for decision."[1]

That the question thus evaded is one of vital importance, is clearly shown by what Schäffle says with respect to it: "But we venture to affirm, absolutely, that to have regard to the use-value in the constitution of the exchange-value (social value) of labour and of produce, must be considered as the first and most decisive preliminary condition. In other words, if socialism is not able to preserve all the good points of the liberal system, such as freedom of labour, and of domestic supply, and then to annex to these its own undeniable specific advantages (of reciprocal supervision and control of labour; a more efficient but free discipline; a more certain check against over-work, and against the neglect of women and children; the hindrance of exploitation by private interest; the removal of idleness, and of unproductive parasitic life; the prevention of corruption, of boundless luxury, of crimes against property, etc.),—if it is not able to accomplish this, it has no prospect of, and no claims to

[1] Schäffle, *op. cit.*, pp. 92-94.

realisation."[1] All these passages do honour to Schäffle's sagacity, and at the same time demonstrate the strength of his prepossession and the weakness of his thesis. The difficulties which he so distinctly foresees are gigantic, the means of surmounting them he takes for granted; but no one can be expected to believe that collectivism could actually accomplish what Schäffle himself tells us, can only be hoped for, but cannot be anticipated—namely, that its ability to secure that the price of commodities and the rate of wages would be determined, not by cost of production or by arbitrary regulations, but by the fluctuations of demand. Such a method of determining prices would not only be opposed to the principles of collectivism, but common sense refuses to admit that under a *régime* which absolutely prohibits competition and suppresses commerce, there could be any room for the influence of the fluctuations in value of commodities. The effect of Schäffle's suggestions would indeed be to destroy the mechanical uniformity which is both the condition and the object of collectivism. From another point of view also, they violate the fundamental principles of socialism, since they involve an admission that, in the highest interests of society—namely, the prompt adjustment of supply and demand—it is essential that salaries and wages ought to vary, not only with the difficulty of the work or the diligence and ability of the workmen, but also in response to those external, accidental, and temporary influences which are caused by the fluctuations of demand, and Schäffle admits that failing this variation the economic function of supply could not be fully and efficiently performed, and the regular existence of society would in consequence be precarious. Thus, under a collectivist, as under the existing *régime*, wages in one trade might rise without a corresponding rise in other trades, without any increase of work-time, and quite irrespective of the personal merits or needs of the workmen, or of the strain of their work. Such a variation of wages is unavoidable in economic production, but theories founded upon these differences which to most collectivists

[1] Schäffle, *op. cit.*, pp. 94-95.

represent inequality and injustice, would be repudiated and opposed by them. The opinion of wage earners themselves upon the question of the equality of wages is known; it is hoped that they may be induced to acquiesce in inequality of wages, at any rate in trades which differ in the extent of risk or fatigue they involve, or in the amount of intellectual ability they demand; but it cannot be expected that men would resign themselves to an inequality caused by external and temporary conditions, of which the individual workman would be either the innocent victim or the undeserving favourite.

We see, then, that the momentous problem of the adjustment of supply and demand under a collectivist *régime*, in all localities and in all industries, remains unsolved. The play of prices would vanish with the disappearance of private trade, as also would that variation in profit which, although apparently unjust, is in reality the instrument by means of which harmonious interaction between production and requirements is maintained. In place of these potent and benign forces, the only safeguard against disaster would be infallibility on the part of the economic administration of the socialist state; but history and experience show that state administration, so far from being infallible, is, on the contrary, far inferior to private administration in respect of certainty and promptitude of conception and execution. On the one side there is private interest, always alert and active; on the other, officials hampered by rigid regulations imposed by a bureaucracy, slaves of red tape, capable of dealing with normal conditions only, and impotent when confronted with the exceptional difficulties and unexpected vicissitudes to which the economic world is always liable. Again, on the one side we have the energies of millions of men freely and actively engaged in work which they understand, on which their living depends, and which, therefore, they perform with the greatest keenness; and on the other, the cool indifference of administrators, who would be quite as much benumbed as stimulated by the responsibilities thrown upon them. No doubt there are certain services

which can be satisfactorily performed by the state, but this does not justify the inference that all services may be nationalised with safety; those referred to must be of a simple character, and the demand which they supply must be a practically constant one. In all those branches of industry which are now administered by the state, the system of similar private administrations is copied with almost complete fidelity, as in the case of state railways. Nevertheless, the defects of public administration, even when thus minimised, are serious, and for the most part irremediable. These defects assume various forms—for example, a refusal to accept financial responsibility for losses caused by the errors of its employees, as in the case of telegraphic despatches, or they are shown by the imposition of excessive rates, as in the case of registration of declared values, for which the state charges, even after recent reductions, are far higher than those asked by private companies. Again, there is the great difficulty of obtaining any legal remedy in case of abuse when the state is the defendant; the public also suffer from the superciliousness and indifference with which they are so frequently treated by state officials and employees; and finally, there is the dilatoriness of the state in respect of progress and improvements, a striking instance of which is the unfulfilled demand made for so many years for postal orders payable to bearer.[1]

Would these defects be likely to disappear if the state, in place of providing a few simple services, were to undertake to satisfy all social requirements without exception, even the most complicated and variable demands, such as those for food and clothing? Socialists hope that this would be the case, and Schäffle takes pains to point out the grounds for this hope. "But further," he says, "the socialists are able to allege that government works under the liberal capitalistic system are under

[1 The Paris correspondent of the *Times*, writing on the 13th April 1908, says that the system of postal cheques seems likely to be applied before long in France, owing to the initiative of M. Chastenet, Deputy for the Gironde.—*Times*, 14th April 1908.]

totally different conditions from those of government works under the socialistic system; they would point out that the workmen and overseers of government works to-day have, of course, no possible personal interest in producing carefully and well for the state. The state pays them their wage, whether they have worked well or ill. But it would be otherwise if each received more income the more all the rest accomplished in each and every department. Then to do good work for the community in every branch would have become in the highest degree the private interest of each; the control and discipline of labour, which is becoming under our system more and more impossible, and the lack of which is leading it ever nearer to the verge of collapse (so say the socialists) would, under their system, be better guaranteed by their collective bonuses; for it would be a matter of importance to each, in respect of his bonus and his pay, that no one should receive a full certificate for bad or lazy work; it would be to the interest of each that the average cost in labour should be as low as possible, because the price of social products would be determined by it, so that labour certificates would be worth more the lower the social cost of every kind of commodity."[1]

Mutual surveillance, therefore, is what Schäffle relies upon to maintain the efficiency of labour. We shall return presently to the question of common interests; but with regard to this latter argument he forgets that collectivism proposes nothing new: everyone under existing circumstances has just the same interest in seeing that prices are as low as possible; but this kind of interest is so seldom present to the minds of most men, that it is of very little practical value; in fact, this argument is no more than the expression of a pious hope that under a collectivist *régime*, men would become better, more laborious, more economical, and more conscientious than they are at present.

The reality would in all probability be very different from this ideal. The present faults of public administration

[1] Schäffle, *op. cit.*, pp. 53, 54.

would increase, because the privately managed industries which now serve more or less as models, and which maintain the spirit of emulation, would have disappeared, and also because state production, having become far greater and infinitely more complex, state regulations would necessarily be proportionately stricter and more vigorously enforced, and would therefore be still more hostile to initiative and progress than they are at present.

The huge size and complexity of the public administrative bodies would multiply opportunities for corruption, and the directors would be exposed to temptations against which it would be difficult to provide efficient protection. It may be objected that under the existing economic system it is found quite possible to administer great undertakings successfully, without extravagance or loss caused by inefficiency, and that this is so even in cases where it is impossible to secure the ubiquitous presence of the master's eye. But the inferences which collectivists draw from this fact are based upon inexact observation, and are consequently erroneous. There is no doubt a strong tendency to convert private industrial undertakings into joint stock companies,[1] and this process is regarded as a transitional stage, which, by habituating men to work for an impersonal and invisible employer would facilitate the substitution of the state for companies, and would thus prepare the way for the national collective ownership of all the means of production. In cases where the scale of production is so large that the individual employer has been replaced by a company or collective employer, no one, collectivists declare, would raise any serious objection to state ownership.

This reasoning is plausible, but incorrect. Administration by joint stock companies has serious defects, and wherever it is possible to retain individual proprietorship and administration, it is by far the most efficient system.

Although the principles upon which joint stock companies are managed are precisely the same as those by which private industry is directed, even the best

[1] See *La répartition des richesses*, P. Leroy Beaulieu, chapter xii.

organised and most strictly administered of these undertakings are liable to losses caused by negligence and waste, evils to which the state as sole employer would be even more liable than the largest company.

When the business of a joint stock company is intricate and difficult, the managers are stimulated by large emoluments; as a rule, these great undertakings really depend upon one man, who is given very large authority, is practically irremovable, and who receives a large share of the profits; it is the same throughout the system, the superintendents and the foremen are also sharers in the profits, and feel assured of the permanence of their positions; but collectivism, with its uncompromising spirit of equality, would altogether repudiate these concessions, which nevertheless are essential conditions of successful working.

In fact, the difference between the management of joint stock companies, however large, and the administration of a collectivist state, is one of kind and not of degree. The former is based upon personal interest, and is always exposed to competition, whilst the latter would exclude personal interest, and would be free from all home rivalry. As regards foreign competition, we shall see presently, that, by its very nature, a collectivist state would be compelled either to abolish foreign trade altogether, or reduce it to a minimum.

Other questions which suggest themselves are these: What incentive would a collectivist *régime* offer to the workman to employ his labour-force to the best advantage? What inducement would there be for improvement and progress, and what substitute could be found for the potent influences of industrial competition and personal interest? With his habitual perspicacity and candour, Schäffle sees and admits the inadequacy of official injunctions to secure these objects. He says: "It will not be sufficient by itself, in a producing community of millions, for producer A to feel: 'my income from my social labour is conditional upon my 999,999 co-operating comrades being as industrious as I.' This will not

suffice to awaken the necessary reciprocal control; at any rate, it will not stifle the impulse to laziness and to dishonesty, nor hinder men from defrauding the public of their labour-time, nor render impossible a cunning or prejudiced contrivance for the unjust valuation of individual performances. Socialism would have to give the individual at least as strong an interest in the collective work, as he has under the liberal system of production—it would have to secure to every sub-group a premium on extraordinary amounts of collective production, and a loss through[1] collective slackness; it is as much and still more bound to bestow effective distinction on all special success in technical development, and duly to reward great individual merit; and finally, would have to provide that all the innumerable labour-forces should be directed into the channel of their most profitable use, not by the orders of an authority, but by the force of individual interest. Otherwise, it will scarcely secure a fairer distribution of the national produce, and certainly not greater economy in social production, than is on an average secured by the liberal industrial system, acting through the most acute stimulus to private interest, and by proportioning price, not only to the cost of production, but also and mainly, to the value-in-use of separate services and commodities at a given time and place, and in a given trade or industry.

"I am by no means prepared to maintain that socialism *could* not succeed in doing this. The scientific discussion and thorough sifting of this question is now only in its beginnings. But one thing can be positively stated: the socialist programme of to-day does not yet fulfil this condition; it has not yet the necessary practical clearness of ideas as to the requisite organisation of competing labour. And yet there can be no doubt that if the present capitalistic competition, with its strong economising pressure, were withdrawn, the competition of labour would have a larger task, and would need a stronger impulse and a nobler organisation.

[1 Query, "a fine for."]

"In particular, the socialistic theory of value, so long as it depends for the computation of the value of commodities only upon their cost to the community, and not upon their constantly changing value-in-use at given times and places, is quite incapable of solving the problem of production with collective capital which socialism propounds on any real sound economic basis. As long as socialism has not something quite other than this, and more positive, to offer on this point, it has no chance. Its proposal to abandon a system of production which, with all its disadvantages, does, nevertheless, afford to a tolerable degree a many-sided guarantee of economy, for the sake of a fairer distribution of produce whose possibly accruing disadvantages are at present beyond our power to forecast—this proposal, I say, will not prevail by fair means, and, if carried into effect by force, will not have a lasting success."[1]

This candid avowal shows how with Schäffle common sense is continually in conflict with the sentiment and prepossessions which are the cause of his socialistic proclivities.

All the criticism directed by collectivists, including Marx, against the capitalistic system of society, and against political economy, is founded upon the fantastic definition of "value" which they have elaborated; and yet we find Schäffle declaring that the socialistic theory of value is quite incapable of solving the problem of collective production. Since collectivism is thus discovered to be based upon a theory shown to be radically inefficient, the obvious course would seem to be the abandonment of the doctrine!

"Profit" is, in fact, the only possible safeguard of production, as well as of distribution and of commerce; but it is with "profit" that collectivists quarrel; yet without its guidance, production would be a matter of chance, and humanity would always be exposed to the risk of destitution and famine. Schäffle has indeed good reason to warn his readers against putting faith in the

[1] Schäffle, *op. cit.*, pp. 57-59.

mutual control of workmen as a safeguard. Emulation in workshops would soon degenerate into competition, which would be disastrous; collectivism refuses to have anything to do with competition of any kind, and Schäffle recognises that emulation carried to excess would soon put an end to collectivism.

Schäffle objects also to the system of co-operation advocated by Schulze de Delitzsch, to co-partnership, and even to the workmen's associations proposed by Lassalle, as well as to autonomous associations of labour and capital, on the ground that, if under the pretext of securing a spirit of emulation, these secondary collective associations were to be permitted, the existing economic system, or something very like it, would be gradually reintroduced. But if excess of emulation is to be dreaded and *esprit de corps* in workshops is to be regarded with suspicion, mutual control would altogether lose what little efficiency it might have possessed. An illustration of what might be expected, may be drawn from the experience of 1848. Amongst the many workmen's associations then established in France which received state assistance, there was one, that of the tailors, which (inspired by the ideas of Louis Blanc) substituted day- for piece-work, in the belief that mutual control would secure efficiency. Fengueray, the author of a history of these associations, relates that this surveillance soon degenerated into a jealous and vexatious espionnage, and led to acrimonious recrimination, to such an extent that the workshop became a perfect hell, and that in order to render the life there supportable and to re-establish harmony, the associated tailors were compelled to return to piece-work. This attempt, made at a time when sentimentality reigned supreme, helps us to form an opinion of the value of mutual control, in securing efficiency of labour under a collectivist system of national production.

Schäffle strives with much ingenuity to minimise the faults which he feels are inherent in the doctrines he advocates; he eulogises a system of rewards for meritorious workshops, and is prepared to approve of inequality of

wages—a concession he thinks is rendered necessary by the varying demands for different kinds of commodities—although this is a reason which would by no means be approved of by socialists in general. Indeed, all the proposed expedients, whilst their practical effect would be insignificant, sin against the spirit of collectivism. To give prizes for collective excellence of work is no more logical or justifiable than the bestowal of rewards upon individuals for personal merit; again, to make the wages of a workman depend upon the efficiency of his fellow-labourers, or to vary in accordance with the fortuitous fluctuations of demand, would be destructive to the harmony of the collectivist doctrine. If it is found necessary to borrow part of the existing social organisation, why not adopt the whole? If a system of unequal remuneration depending upon the fluctuations of the market and quite irrespective of ability and efficiency is to be conceded, why object to inequality of profit? In point of fact, many of the suggestions made by reasonable and moderate collectivists are merely plagiarised from the existing social system; but they are so inadequate and so imperfectly adapted, that their effect would be insignificant, and the defect—that individual initiative and spontaneous voluntary effort would be altogether wanting in a collectivist society—would be unaffected. Another question, of equal importance, still remains to be considered: How would progress and improvement be secured? Under the existing system, all men of intelligence whose minds are not altogether absorbed in the cares of daily life—all men who have a taste for science, for the arts, for philanthropy, or who are ambitious; even those who are greedy for personal enjoyment—are keen to secure means to enable them to satisfy their desires, and in so doing are unconsciously but incessantly occupied in furthering the progress of civilisation. If in any department of human activity a man thinks he has made a discovery or has invented something, he makes use of the means he possesses to develop it at his own risk; if he has no capital, he endeavours to persuade others to

undertake it, and it is but seldom that an inventor fails to find someone who will undertake the risk of developing his ideas.

The history of progress demonstrates two things: first, that it originates always in the spontaneous action of individuals; and secondly, that the sentiment of those engaged in any calling is opposed to innovation. The copyists who demolished the printing-presses and the sailors who destroyed the first steamships are examples of this spirit. Popular education has not altered this feeling; so recently as 1844 the Parisian workmen demanded that a tax should be levied upon machines equivalent to the value of the labour they would economise. In the same way, the fixed routine of a collectivist system would be always hostile to progress, and would hamper and discourage the initiative of the individual, which now is incited by the great prizes which reward the successful inventor and by the love of speculative enterprise inherent in human nature. But apart from these subjective considerations the elastic organisation of existing society facilitates the development of discoveries and inventions, since under its *régime* everybody has absolute freedom of choice of calling, and if he can obtain the necessary capital is quite at liberty to organise any enterprise, or to produce whatever he pleases.

No impartial person can deny that collectivism would be immeasurably more unfavourable to the initiation and development of improvements than the existing system. From the individualistic point of view, the removal of some of the most powerful incentives for exertion would greatly weaken the activity of the human mind, whilst the development of discoveries and improvements of all kinds would be beset with great difficulties. Little or no attention would be paid to individuals acting spontaneously without an official mandate, and the chief officials, upon whom Fourier bestows the ingenious and suggestive name of "ommiarques," would take care that no change was introduced without their approval. Professional freedom would have disappeared, and private capitalists, always

ready to incur risk for a sufficiently attractive chance of profit, would have ceased to exist.

To initiate an improvement or develop an invention, it would not suffice to convince a few persons of its advantages: the *vis inertiæ* of red-tapism and professional prejudices would have to be overcome; the inventor would have to deal with numerous officials and committees of the administration; in fact, he would have to conciliate the whole bureaucracy! His task would indeed be herculean! In the face of these formidable obstacles, nine-tenths of all useful inventions would be lost, the progress of humanity would be seriously retarded, and the continuous improvement which now goes on in the method of production would cease, with the inevitable result that the price of all commodities would be increased.

CHAPTER V

Distribution under a collectivist *régime*. Social labour-time as a standard of value. Labour cheques. Usury and private trading. Choice of domicile. Relations of a collectivist state with other countries. International trade.

IT has now been made clear that collectivism would be unable to provide a satisfactory system of national production; and that the three following consequences would follow on the establishment of this *régime*:—(1) The suppression of free individual determination of requirements, or, in other words, of personal liberty; (2) The absence of any guide for the necessary control of production; and (3) The retardation or complete cessation of industrial and agricultural improvements, which would result from the substitution of bureaucratic pedantry and arbitrary regulations for the elastic and active organism which now exists, and which is the product of individual initiative, of competition, of the freedom of choice of profession, and of private capital.

It remains to be seen whether collectivism will appear to more advantage as an agency for dealing with the distribution of wealth. This is the object which writers who extol the collectivist system have more especially in view, and this it is which is the chief source of their influence with the populace. The collectivist doctrine, however, offers no better prospect of success in arranging for a satisfactory distribution of wealth than for its production.

Collectivists insist upon the dissimilarity of their

doctrine to that of communism, which presupposes the periodical division of property and the absolute equality of all. Collectivism would, they say, find a place for inequality (without which no human society could exist), and, according to Schäffle, would also allow of a moderate degree of personal comfort; it would institute prizes for collective excellence in workshops or associations, and would even allow of the recognition and reward of individual excellence. The problem is how to reconcile the inequality which would then inevitably appear, and which would affect both individuals and groups of individuals, with a system under which the state would be the only producer.

"The community would be the owner and renewer of all instruments of production; it would be the universal capitalist."[1] No private capital, however insignificant, would exist, and as the sole and universal producer, the state would have to distribute the product, including the necessaries of life. The difficulties of such distribution, made with the assistance of official statistics, have already been pointed out. At the present time, the state finds it difficult enough to provision an army corps or even a brigade when mobilised, and a remarkable improvement in state administration, as well as a complete change in the bureaucratic mind, would have to take place before the distribution of the national produce in accordance with the requirements and necessities of the people could be successfully organised.

Since there would be only one producer, mistakes would no longer be rectified automatically as at present, and errors would be practically irreparable.

The system would also involve immense waste, far exceeding any economy which might be effected by the abolition of shops with their costly appointments, of advertising, and of all the various expenses incurred by private industry in the pursuit of business. The mistakes which the state would inevitably make, in attempting to distribute to each of its citizens his portion of the national

[1] Schäffle, *op. cit.*, p. 65.

produce, would be numerous and their result disastrous; but the question whether capital and thrift could exist at all under a collectivist *régime*, is of even greater importance. At present the increase in the wealth of a community is caused by the free and spontaneous thrift of its people under the influence of three sentiments: namely, the anxiety to provide for old age, personal and family ambition, and the desire of manufacturers to establish a sinking fund for the amortisation and renewal of their plant. Of these incentives to thrift, the second, which is by far the most powerful, would be completely suppressed; the first would be recognised, but in an altered form; and the third, if it existed at all, would do so under severely restricted conditions.

Schäffle speaks highly of the guarantees which collectivism would offer to thrift, but since under this *régime* no instruments of production would belong to an individual, and since money would be suppressed, it is clear that the thrift to which he refers would be nothing more than the right to state support in old age, which would be acquired by each individual under a collective *régime;* but thrift such as this would add nothing to the national wealth.

Under the existing economical system, a certain kind of national thrift is common amongst civilised peoples: such works as public highways, harbours, etc., apart from the redemption of public debt, represent collective savings of considerable importance.[1]

Can it be supposed that it would be possible to collectivise the habit of saving, so that it could satisfactorily replace the individual thrift which, in a great country such as France, increases the national wealth by a sum of from two to two and a half milliards of francs annually? Collectivists hope that such a change might be successfully accomplished.

"The only part of the national produce not distributed generally, would be that which was reserved by the public overseers of production and the bodies representing public

[1] See *Traité de la science des finances* and *La répartition des richesses*, by P. Leroy Beaulieu.

departments, partly for keeping up the supply of collective capital, and partly for the maintenance of other not immediately productive, but generally useful, institutions —in fact, the public departments by which, in the long run, all citizens benefit. This portion, the most direct form of taxation in kind, being subtracted before any distribution of private incomes was effected, would take the place of the existing taxes, and be used for the common benefit and as the permanent stock of the collective capital. In one passage Marx expresses this, roughly, somewhat as follows :—

'The total product is a social product. Part of this product serves to replace used-up capital as a means of production: it remains social.'"[1]

According to these passages, the collectivist state would, at any rate, maintain the existing wealth by replacing all that is consumed in the process of production; it would even go further, and before distributing the products to individuals, it would retain an amount sufficient not only to maintain, but to increase, the national wealth.

It is with good reason that Schäffle describes this collective saving as a "tax"; the very name suggests the difficulty there would be in maintaining a high rate of saving. Many states already devote large sums to the redemption of national debt; but even the largest amount thus employed, is quite insignificant in comparison with the private savings of a great country. The larger portion of this saving is due to a minority, probably a small one, of the citizens, who possess the qualities of foresight, of devotion to family, or of self-denying ambition, and who have sufficient force of character to withstand the temptations of every-day life, whilst the majority either save nothing, or a quite inconsiderable amount. It must be remembered also that the management of the collectivist state would be in the hands of this unthrifty majority. It would be impossible for these people suddenly to alter their improvident habits, and thus the savings of a collectivist state would inevitably be far less than the sum now saved.

[1] Schäffle, *op. cit.*, pp. 29, 30.

It is no good answer to this statement to say that the reason why the majority do not save is because they have not the means; it is because they have not the inclination; in fact, amongst the most thrifty citizens are to be found peasants with very small holdings, workmen whose wages are moderate, and employees with small salaries, whilst those who receive the highest wages frequently save nothing. Collectivism, therefore, would be far less efficient than the existing system in securing the increase of national capital.

The weakest point in the proposed system is, perhaps, that upon which the hopes of its advocates are chiefly founded—namely, the distribution of the national wealth. In considering this question, it will be convenient to divide it into two parts: first, What would be the social laws for regulating distribution? and secondly, How would they be put in operation?

First, with regard to the social law.—Our attention must not be confined to such vague formulas as, "to each according to his wants," or "to each in accordance with his ability as evidenced by his work." The vagueness of these formulas is their condemnation, when they are considered in relation to so well-defined and positive an organisation as that of existing society. A nebulous intellect like that of Louis Blanc might rest contented with these empty maxims, but they are irreconcilable with economic organisation. To be workable, a law of distribution must be clear and precise, and must be capable of being applied without failure and without tyranny.

In a collectivist society wages and profit will disappear, and will be replaced by the social recompense for work earned by each producer; clearly, therefore, it must be the state that must settle the amount of this reward. The question at once arises as to the principle upon which this will be determined. On the one hand, the collectivist state quite rightly refuses to be bound by a rule of absolute equality in fixing the amount; on the other, it would clearly be disastrous if it were to be

guided by caprice. Social recompense, under various names, such as interest or profit, is at present determined by the laws of demand and supply, or by the result of enterprise; when these have been suppressed, the supply of labour-force will remain, but the demand will come from one employer only, who will also be the sole owner of all means of production. How can distribution be regulated under this absolute monopoly?

Notwithstanding the assertions of collectivists, the formulas of Marx, and the tentative suppositions of Schäffle, no law of distribution is discoverable in their system. They are continually contradicting each other, and the more candid amongst them timidly confess that they have discovered no such law. They begin by clinging to Marx' theory of value; but when they appreciate the effect of its practical application, they find themselves compelled to abandon it. It will be remembered that, according to this theory, the "value" of an object is to be measured by the average time of socially organised labour required to produce it.

"Social labour-time as standard of value! To most readers this idea will be unintelligible; many will scarcely even have heard of it. Nevertheless, this idea forms theoretically, in the strictest sense, the basis of socialism. It has already taken deep root in socialistic thought, and Karl Marx expressly declares that his treatment of labour as the substance and standard of value is the corner-stone of his whole system."[1]

If on examination this corner-stone should turn out to be insecurely placed, or should prove to be compounded of heterogeneous substances imperfectly united, then the whole edifice of collectivism must collapse.

According to this theory, says Schäffle, "the 'substance of value' of products lies in the labour which is 'socially necessary,' by which they are produced. The products are defined as 'embodied labour,' 'congealed labour-time,' a 'congelation of labour.' But it is not any casual private labour that determines the value, but the *socially necessary*

[1] Schäffle, *op. cit.*, p. 81.

labour, *i.e.*, labour of such a kind as must be on *the average* expended according to the existing national standard of technique for a unit of supply, in order to produce the commodity to the whole extent of the demand for it. If, for instance—(we may exemplify Marx' theory in this way)—a country has need of 20,000 hectolitres of wheat, and for the production of it 100,000 days of 'social labour' (labour capable of competition, or, ultimately, labour included in the socialistic organisation) must be expended upon it, it would follow that the socialistic value of a hectolitre would be $\frac{100,000}{20,000}$ = five days of socially determined individual labour. This value would have to hold, even if individuals were found improvident enough to produce the hectolitre at the cost of ten or twenty days of individual labour. If we imagined all the species of products which are being continually produced valued by the expenditure of social labour as verified by experience, we could find by addition the total of social labour-time which is required for the social total demand. We will assume that this sum amounts to 300 million days of socially organised labour, or, at eight hours a day, 2400 million hours of socialistic labour. The aggregate product of all commodities, at present directed by competing capital, but eventually by unified public management, would also have a total value of 2400 million hours of labour, exactly as many hours as are *actually* spent in work by 1 million workers in the year. The hour of labour $\frac{1}{2,400,000,000}$ of the yearly collective labour of all, would be the common standard of value, of which value 2400 million nominal units could be, and would have to be, distributed as 'labour-certificates' or 'labour-cheques' to the labourers, in order that they might claim from the public depôts the aggregate product of the collective labour. The total sum of labour for the period would be about equivalent to the total value of the produce for the same period. The economic bureaus would credit the work done, fix the value of the produce according

to the average standard of cost in social labour-time, which would be known to them by this very process of keeping the labour-accounts, pay out cheques to individuals on their labour credits, and against these cheques deliver the products at the rate fixed by the social labour-cost.

"Nothing appears simpler than the harmony of this socialistic demand to make enjoyment proportional to labour, and to apportion to each his *full value for his labour*, or *return for his labour*, as his private income, as 'true private property,' to establish universally absolute property and income founded on the individual's own 'labour,' and to cut off the abstraction of the 'surplus value' by a third party."[1]

This theory, which appears so simple, consists, strictly speaking, in a comparison of the cost of two similar objects, or the relative amount of wages which men working at the same trade ought to receive; even thus restricted, this method of distribution would be found to be inadequate in many cases, and the illustration given by Schäffle himself contradicts and condemns the theory. Is it true that a hundred hectolitres of wheat would require an equal amount of "socially organised labour" in all places? Would not the labour required on the rich plains of the department of the Nord be one-half, or less than one-half, of that necessary to produce 100 hectolitres of wheat on the plateaux of the Cevennes, the Alps, or the Pyrenees? If the average time of "socially organised work" employed in producing this amount of wheat is taken as the measure for fixing remuneration, the agricultural labourer on the plains of Flanders would be paid in excess of his desserts and of his actual requirements, whilst the labourers on the central plateaux would be paid too little. This difficulty would not be confined to agriculture: it would exist equally in the case of mines; far less labour may be necessary to win a ton of mineral in one mine than in another, and thus, in this case also, such a method of fixing wages would give advantages

[1] Schäffle, *op. cit.*, pp. 82-84.

to some, and inflict injustice on others. The restricted definition of "value" given by Marx is, in fact, the cause of the original mistake made by collectivists. The essential element in the value of an object is not, and cannot be, the social work required for its production, and cannot be calculated with mathematical accuracy; other elements must be taken into account, such as the difference of value due to diversity of natural conditions and to the incessant variation in human requirements according to season and locality.

Marx' formula, shown to be incorrect in the case of one class of products, loses all meaning when an attempt is made to apply it to a multitude of objects of different kinds, to workmen of different trades, or to those in different branches of the same trade. The diversity of human vocations, which is indispensable to civilisation, is incompatible with this "simple" law.

We see, then, that *work-time socially organised* can never constitute a satisfactory basis for a law of distribution. Under the existing system, it is the value of the social service rendered by one person to another which determines the rate of remuneration; the time occupied often has but little to do with it, it may be one of the elements, but the quality of the work, and especially the frequently changing "utility-value" of products, are considerations which must be taken into account in the determination of "value." Schäffle endeavours to enlarge Marx' narrow formula, but he is unfaithful to the doctrine of the master when he writes that "this collective method of production would remove the present competitive system, by placing under official administration such departments of production as can be managed collectively (socially or co-operatively), as well as the distribution among all of the common produce of all, according to the amount and social utility of the productive labour of each;"[1] and again, when he says that under collectivism profits and wages will have disappeared, and that then there will only be "a publicly assigned income,

[1] Schäffle, *op. cit.*, p. 4.

uniformly arising from labour, and proportioned to its quantity and social utility."[1]

In the face of these contradictory statements, precision of definition disappears. The conception of work-time "socially organised" as a measure of value, although narrow and restricted, is at any rate precise, and to some extent explicit; but by connecting with it the idea of "values-of-utility," Schäffle destroys all that is founded upon it. If work-time were to be taken as being a mathematically exact expression, and if each man were to be paid by the day or the hour, we should then have a law of distribution which, although it would be clumsy, inadequate, and hostile to civilisation, would still be a law. It is true that under such a law the engineer, the mechanic, the manual labourer, and the rag-picker, would all be paid at the same rate; in fact, the better artisans would be paid at a lower rate than the others, because the more skilled labour is, the greater the intellectual strain and the less it can endure long hours of work. But however faulty such a law might be, we should at any rate understand what it is that collectivists propose. The most infatuated of their members, however, refuse to take the words *work-time socially organised* in a purely literal sense; but then what becomes of the law? If regard is paid to the quality of the work and to its "social utility-value," the administration would infallibly be of the most arbitrary nature. It would be imperatively necessary to classify workmen and to draw up a scale of wages: this would soon give rise to differences of social rank, and a system of graduated social inequality, decreed by law and enforced by officials, would soon become established. The ingenious and ingenuous Schäffle acknowledges and struggles against these difficulties, but they are quite ignored by Marx.

Social work-time being admittedly defective as a means of measurement, the special value due to time and place of manufacture and to the agency of capital must be considered. Wages and prices must necessarily vary even

[1] Schäffle, *op. cit.*, p. 29.

when the work-time remains unchanged. In fact, the general rule would be violated whenever an attempt was made to apply the measure to a particular case. Schäffle is driven almost to despair, and he candidly confesses that Marx' theory is incapable of supplying a satisfactory law for distribution—an admission which destroys the whole of the doctrine. The remarkable passage in which this avowal is made has already been quoted.[1] The important question is not whether collectivism, in order to establish itself, would proceed by force or by persuasion, but whether it is capable of providing any satisfactory law for the distribution of wealth. Schäffle admits that so far no such law has been proposed; the omission is one which cannot be repaired, since it is caused by imperfections inherent in the doctrine, which cannot be extirpated or modified. This avowal made by Schäffle is still further accentuated in the course of his book:—"Therefore the socialistic value 'exchange-value' must not be determined only by cost, but also at the same time by the varying 'use-value': otherwise, socialistic demand and supply would fall into a hopeless quantitative and qualitative discrepancy which would be beyond control. Socialism itself ought to attempt to place this point (which has been up to now disregarded by its theorists) beyond all doubt at the earliest possible moment."[2]

This omission, however, is owing not to neglect, but to impotence: when private industry and commerce, free demand and supply, the flexible and automatic control exercised by 'price,' the variation of profits and possibly of wages also, are all suppressed, no law of distribution can be devised other than the barbarous one of universal equality.

In a note with an added *post-scriptum*, Schäffle unconsciously but finally shatters the illusions of all those who believe that modern scientific socialism is a system which offers a clearly defined solution of social questions. To avoid any possibility of misrepresentation, this note and the *post-scriptum* are here given. After referring to the

[1 *Vide supra*, p. 180.] [2 Schäffle, *op. cit.*, p. 87.

idea that socialistic theorists had disdained to elucidate the conception of "value" with sufficient precision, Schäffle adds: "This was attempted several times in the year 1877 in *Vorwärts*, in the criticism on the *Quintessence of Socialism*. This paper gives to Marx' idea of 'socially necessary labour-time' a significance which includes in the idea of the 'socially necessary' what I call 'use-value.' By itself I have no contention to make against this explanation, since it recognises, at least in principle, the necessary influence of the *varying demand* in determining the 'exchange-value' on which I laid stress. Yet, *per contra*, I am forced to make two observations:—Firstly, that I am not yet able to consider my conception of Marx' idea of socially necessary labour-time incorrect, for Marx declares that commodities which contain 'an equal quantity of labour, or which can be produced in the same time,' are of equal value. Secondly, I must remark that, if Marx agrees with the explanation in *Vorwärts*, the socially necessary labour-time would become useless as a practical standard for the determination of value, on account of the forcible insertion into the quantum of social labour-cost of an entirely independent second factor in the determination of exchange-value, viz., the social value-in-use. I leave it undecided whether Marx recognises the explanation of his theory of standard value as stated, and content myself with maintaining that social labour-cost *and* demand, both independent and separate, must be brought to bear on the determination of exchange-value in *every* economic epoch.

"Postscript.—Herr Schramm's latest explanation of the probable meaning of Marx' theory of value in *Vorwärts* (1877, No. 128) ought to be examined. Herr Schramm thinks 'that he is able to say, in agreement with his entire party,' that 'socialism does not seek or perceive any standard for division in Marx' theory of value.' If that is the case, the dispute has no *raison d'être*."[1]

A clear light is thus thrown upon the questions, and we see that it is not only this controversy, but the so-called

[1] Schäffle, *op. cit.*, pp. 88-89 (*note*).

scientific socialism itself, which is a mockery. Here is a social system of which the principal, it might almost be said the only, object is to modify the system of distribution of wealth in civilised nations. Its most illustrious representative elaborates a formula which is apparently precise; his disciples discuss it, and come to the conclusion that it is altogether inadequate, and not capable of practical application, or that, if put in force, its effect would be to produce violent and fatal economic disasters—in fact, that it would bring about a reversion to chaos. Alarmed by these consequences, which are so obvious, they consider the formula from every point of view, but are finally compelled to own that it contains no workable method for the distribution of wealth. But since the re-distribution of wealth is the principal object of collectivism, and if, as is here admitted, it can provide no way of attaining it, of what use is Marx' doctrine? It becomes merely a means whereby the simple may be deceived, and a trick for the use of those who exploit the credulity of the public.

The liberal professions, essentially necessary both for human progress and for the adornment of civilisation, are another cause of embarrassment to socialists. To suppress, if not lawyers, at any rate doctors, scientists, artists, and literary men, or to transform them into mere functionaries of the state performing their allotted tasks under official regulation, would be to bring about the decay of civilisation. The better educated collectivists, who are anxious that intellect should retain some influence in the society of the future, endeavour to arrange for the preservation of the liberty which is at once the attraction and the strength of these professions, and which, indeed, is almost a necessity of their existence.

"Social services which by their nature cannot be centralised, being *personal* services (those of the physician, the artist, and others), might even be left to the competition of private payment (by means of the transferable labour cheques of the customers); or, private payment in these professions might be combined with the already

existing system of public salaries for attendance. This kind of private interest of the individual in his social calling in the region of personal services is quite conceivable in all cases where capital plays no conspicuous part in the service rendered." [1]

In another page he returns to the subject:—"If, for instance, it were urged that because the nation has also national, communal, educational, church, and other necessities in common, therefore the individual could not receive the whole value of his work in collective products, this would only apparently be accurate. Suppose that from the products of the 300 million socialistic labour-days even one-third, *i.e.*, the value of 100 million labour-days, had to be deducted to provide for the public expenditure, no doubt there would only remain products to the socially estimated value of 200 million labour-days. But the consequence of this would merely be that, for the performance of one labour-hour, a cheque for only two-thirds would be drawn, the third third going for the common enjoyment of the public property, being, as it were, a kind of tax." [2]

This leads us to the consideration of the mechanical process, as distinguished from the law of distribution; the latter, as we have see, is not to be found in the collectivist system, and as to the former, the difficulty of successful working would be extreme. Currency, which is sacrificed by collectivists, but which in the shape of coin has the great merit of possessing intrinsic value, due to the labour required to produce it and to its incapability of indefinite increase, provides a solid basis for commercial transactions, whether domestic or international. What substitute could be found for currency in external commercial relations, is a subject which is apparently of no interest to collectivists: in domestic transactions money is to be replaced by cheques representing the typical work-day. "Produce would be served out on behalf of society in exchange for certificates drawn on the store account department by

[1] Schäffle, *op. cit.*, pp. 49-50.
[2] *Ibid.*, 85, 86.

the labour account department, and set off against the person's balance on his labour account, or, as might occasionally happen, set off by way of advance against future earnings.

"Reckonings between the bodies entrusted with the collective production and the consumers (who have credit for productive labour) would have to be made, without money, according to labour-time and value of labour-time, by a process of adjusting balances through the public administrative bureaus and clearing-houses.

"In the other quality, as standard of value, money would, in the socialistic state, be replaced by the average labour-day, by which the value of the products would be estimated and on division be reckoned. Also, as a means of judicial assessment, the normal social work-day would be the unit of value."[1] But if the labour-cheques and the products do not balance, or if there is any mistake in the accounts—if, in consequence of the unavoidable deterioration of certain products, or owing to excessive demand in some one branch, there is a deficiency of commodities in relation to the labour-cheques presented in payment for the goods required—how could such mistakes be remedied? At the present time, the simple machinery of "price" re-establishes equilibrium before any inconvenience is felt; but when "price" has disappeared, or is arbitrarily fixed, what means will then exist for maintaining equilibrium between demand and supply? There can be none. The whole collectivist system of distribution finally depends upon the determination of a maximum price for commodities by authority; but this maximum must necessarily vary—a condition which will tempt administrators to adopt corrupt practices, or expose them to the suspicion of having done so. The question, therefore, which by Schäffle's admission is almost vital—namely, that of the distribution of provisions—remains unanswered. The proposed mechanical process is of no more value than the non-existent law; and it is with good reason that Schäffle writes, with reference to this point, "that it is the weakest

[1] Schäffle, *op. cit.*, pp. 79, 80.

and most obscure in the socialist programme." This is so obviously true that no reasonable man would dare to recommend such a system, and no nation which still retained a particle of prudence could abandon itself to an experiment of so obscure and indefinite a character.

To conclude the examination of the system of social organisation proposed by collectivists, reference must be made to the probable effect it would have upon thrift, inheritance, inequality of social conditions, individual liberty, and international relations. *Imprimis*, by what rules would consumption be controlled, and how would the supply be guaranteed? We are told that articles of consumption would be obtained by means of labour-cheques paid in exchange for them in the public shops. This plan could not fail to cause serious complications, as, for instance, if the supply of commodities in the shops was insufficient to meet the demand—a contingency which in the absence of free private trade would inevitably be of frequent occurrence; it is needless, however, to dwell further upon this point, which has already been dealt with.

Money, in the shape of coin, which itself is of intrinsic value, is to be abolished on the ground that its existence would make an immoderate acquisition of wealth practicable. It is to be seen whether labour-cheques would not be open to the same objection. They have an inherent defect in that they cost nothing to produce, and this must always make their use a source of danger. An essential condition of value is, that to possess it commodities must not be capable of indefinite increase without cost; but no such limitation would restrict the issue of labour-cheques; a few workmen with an engraved plate and a supply of paper could produce them to any extent, and the only safeguard would be unceasing and vigorous supervision, which, in view of the vast number of cheques required, it would be extremely difficult to make efficient.

We are assured that the total number of labour-cheques issued would be exactly equivalent on the one hand to the number of days worked by the labourers, and on the other,

to the total national production, calculated in terms of work-days. Apart from the possibility of errors caused by the vagueness of the definition given by collectivists of the term "work-day" when used as a basis of calculation, it might easily happen that labour-cheques might be issued in excess of the amount of products, or of the provisions in the national stores. In this case, famine could only be avoided by putting the people upon strictly limited rations. The trouble might be only local—confined to a certain district, town, or commune—or it might only affect a certain description of produce, for which the demand had increased; or, again, it might be general, caused by errors of calculation on the part of the central public administration, or it might arise from the deterioration, and consequent uselessness, of some portion of the national products—a contingency which would probably be both more severe and more frequent under a collectivist system than now, when, as has been pointed out, "price" soon re-establishes equilibrium between demand and supply; under a collectivist *régime*, on the contrary, this guiding influence being absent and the cost of all commodities being fixed and unchangeable, except after enquiry, which would entail much loss of time, a failure of the supply of necessaries to meet the issue of labour-cheques would involve serious consequences, which, as has been said, could only be met by resort to a system of daily rations. But even if it were possible to avoid an actual crisis, a collectivist *régime* would in any case be compelled to have recourse to a system of "rations," not as an exceptional measure, but as the rule, and thus would inevitably end in communism.

Under the proposed system, every one would be given labour-cheques in proportion to the time worked, and these cheques would be presented in payment for commodities purchased in the national shops; it would, however, only be possible to buy such articles as the state chose to manufacture. What use could be found for private wealth under such a *régime?* Schäffle mentions four different ways in which it might be employed—In personal, or (which is the same thing) family consumption;

in individual saving; in repayable loans (which, however, would imply an indirect accumulation of wealth); and lastly, in gifts. Anxious to accentuate the difference between communism and collectivism, he asserts that collectivism would allow of the employment of private resources in all these ways. It is obvious, however, that the selection of objects for personal requirements might be greatly restricted, for if the state chose to produce nothing but articles of prime necessity, and to suppress all objects of luxury, consumption could vary only in quantity and not in kind: more might be eaten, or more clothes or furniture purchased, but the quality of all these things would be almost identical. Schäffle, it is true, insists that the privilege of private ownership of all kinds of commodities—clothes, furniture, objects of art, means of education, etc.—would be preserved. This might be possible if the state were to regulate manufactures in such a way that in addition to the necessaries of life, objects of luxury and enjoyment would also be produced; but for reasons which will be explained further on, this would necessarily lead to the development of inequality of social conditions.

Collectivists who still retain some regard for the dignity of humanity and for the future of society under the *régime* of which they are enamoured, assert that the practice of individual saving would continue. No doubt the kind of saving which consists in preserving for future use such commodities as are not immediately consumable and are not immediately perishable, such as coal, wood, wine, etc., will always continue, and in this primitive form "thrift" would exist under the most severe *régime;* it is to be feared that the "thrift" of which Schäffle speaks is of this nature. A man of few wants and much force of character might store up labour-cheques, but since interest is not allowed, such saving would be unproductive and of no particular advantage.

Schäffle does not inform us how collectivism would deal with the aged; but it is obvious that in view of the fraternal sentiments upon which the doctrine insists, they would not be left to destitution, or as a charge upon their

neighbours; they would certainly be provided for, and in all probability those who had saved nothing would be treated as well as the provident. What, then, would be the use of personal saving? Possibly it might add some comforts to the pension provided by the state; but since the collective state, in virtue of its principles, would be compelled to give assistance upon a generous scale, and also, since superfluous luxuries would not be likely to be produced, the inducement to private saving would be small indeed, and with the suppression of individual thrift, society would lose one of the strongest aids to progress.

The same may be said of inheritance, which Schäffle says would be permitted. Inheritance is not merely a private right: it is a social power; it may be said to enlarge and extend the life of the individual, who is thereby encouraged to continue and increase his efforts beyond what would be adequate for the necessaries and pleasures of his own short life. The desire of a man to provide for his children is the most effectual corrective for want of energy; and whatever may be said about the idleness and folly of spendthrifts or vicious inheritors of wealth, the loss and misery thus caused is of very small importance in comparison with the enormous increase of products and of capital, which is the direct result of the principle of inheritance.

It must also be remembered that the leisure of these so-called idlers is often occupied by intellectual work or by intelligent participation in and direction of enterprises that make for progress. Even those who have no direct heirs generally conform to the habits of work and economy which the custom of inheritance has made usual in modern society. In his desire that this custom should be maintained, Schäffle fails to perceive that in the restricted form in which alone it could continue, it would be the pernicious elements of inheritance only which would be retained; the heir, instead of position and power, with their attendant duties and responsibilities, would inherit nothing but the means of personal enjoyment, and

this custom, which has so largely contributed to the progress of humanity, would become a source of corruption.

Collectivists are apparently satisfied that the substitution of labour-cheques for coined money would effectually prevent a reversion to inequalities of social condition. Speculation, private enterprise, the stock exchange, money, private rents, and private capital, would all be done away with. Who can doubt that under these changed conditions social inequality would be thoroughly eradicated? Schäffle triumphantly asserts that this would happen; but as he does not wish that the "bourgeoisie" should be expropriated without compensation, he would grant them "une richesse suffocante de moyens de consommation"—a plethora of the means of consumption—for a limited period, say, for seventy-five to ninety-nine years, in exchange for their wealth, and has to admit that during this transitional period "inequality" would continue to exist to a certain extent. But whether the expropriation were effected in this way or by confiscation, social inequality would soon reappear, as it always has done under all systems expressly devised to eradicate it; its roots are buried too deep in human nature to make it possible to tear it out without destroying humanity itself. Collectivism, as described by Schäffle, would offer many openings for its re-establishment, of which the liberal professions would be one. Collectivist ideas on this subject are hazy, and Schäffle does not appear to be altogether sure whether the members of these professions ought to become public functionaries recompensed by official salaries, or whether they should remain independent, as at present; but he appears to favour the latter system. However this might be, a democratic organisation of society, and the general diffusion of knowledge, constitute the most favourable conditions possible for the accumulation of wealth by men of exceptional talent in these professions, and it would be impossible to prevent social inequality arising from this cause.

Labour-cheques, again, would offer another and still easier opening for the reappearance of inequality; with

these cheques in existence, no prohibition or penalty could prevent the gradual re-establishment of banking and interest. Usury was strictly forbidden during the middle ages, but it silently won its way, in defiance, or by the evasion, of all prohibitory regulations. Although the receipt of interest would be illegal, yet persons who had saved labour-cheques would find they could readily lend them to others temporarily in want of them; in return for the loan they would exact interest, and the law would be powerless to stop the practice. The honour and the conscience of the borrower would urge him to repay the loan and interest; but apart from this moral impulse, every one who desired to preserve his future credit—that is, his ability to borrow—would fulfil his obligations.

The law cannot suppress transactions which social organisations of all kinds encourage and of which human reason approves. Loans at interest will always be the principal resource of those in temporary embarrassment—a resource which borrowers would be no more ready to abandon than lenders; indeed, it is the borrower that has the chief interest in the maintenance of the practice, and a would-be borrower will always be found in every society; but without "interest" there would be no lenders. It has been shown in a preceding chapter how usury appeared and spread in the small collectivist societies of the Russian Mirs.[1]

Again, in defiance of all possible regulations, inequality would reappear in the form of private trade. Although all purchases would legally have to be made in the national shops, and no person would be permitted to buy goods from his neighbour, it is certain that the more energetic members of society, with the connivance of the more inert, would in the long run establish a complete system of illicit trade. How would it be possible to prevent an economical person who had saved some labour-cheques and who foresaw that certain goods were likely to rise in price, from buying and storing them, and selling them when the expected rise occurred at a price somewhat

[1] See *supra*, p. 41 *et seq.*

lower than that charged in the national shops? Such opportunities would be sure to occur, and Schäffle has shown how impossible it would be to maintain fixed prices for articles subject to variations of supply and demand. However severe the regulations might be, it would be impossible to suppress this private commerce. Thus, in a contraband trade in goods, in secret loans of labour-cheques at interest, and in the large payments which eminent specialists could exact, there would be three potent causes which would soon lead to the re-establishment of inequality of social conditions.

The fundamental causes of inequality are: superiority in energy or in ability, greater sobriety, foresight, economy, and greater perspicacity in speculation. Collectivism could not suppress these qualities, it could only endeavour to block the channels for their employment; in this attempt, however, it could never quite succeed, and inequality of social condition could never be entirely suppressed.

Schäffle does his utmost to show that collectivism does not require or even admit of periodic redistribution of property; but even if this did take place, inequality would not entirely disappear: it would always exist during the interval between the partitions, and there would be many opportunities for fraud and dissimulation, by which the effect of each recurring partition might be minimised or nullified. Incessant redistribution, as well as the rationing of each individual day by day, and meal by meal, would be necessary to maintain equality, and even then, unless human liberty were so effectually garotted as to render it incapable of movement, inequality would reappear. What personal freedom could be retained under such a system?

As we have seen, the freedom of choice of articles of consumption would necessarily disappear. What would happen to those other forms of personal liberty, which constitute the superiority of civilised society over barbarism, such as the free choice of profession, of work, and of domicile? It cannot be seriously contended that they

could survive. Schäffle speaks of the freedom of choice of domicile as being that form of public right which confers upon the labourer liberty to seek work wherever the highest wages are attainable.[1] This definition, however, is far too narrow, since in selecting their domicile, men are influenced by many causes other than the one referred to; however that may be, freedom of domicile presupposes as essential conditions, a free choice of dwelling and of profession. In the middle ages choice of domicile was not unfettered, chiefly because labour was not free; the adscription of the peasant to the soil, and the close corporations of trade guilds in the towns, made change of domicile practically impossible for the generality of men. These difficulties would be greatly exaggerated under a collectivist *régime;* even Schäffle, whose desire is always to present this doctrine in the most favourable light, says: "All *hiring of dwelling-houses* would be excluded; for in the socialist community there would necessarily be a profound repugnance against the payment to individuals of so-called 'ground rents' (rents for the better, or better situated, sites and houses), against which a proclamation was directed in Basle ten years ago. Moreover, it is impossible to bring stability and regularity into the popular dwellings system, unless it is protected from the choking growth of rent, and, by the action of society, organically and systematically treated with reference to the locality of employment."[2]

It is all very well for Schäffle to declare elsewhere in his book, that liberty of domicile might *possibly* be retained; the exigencies of the system are more potent than his kindly aspirations, and it is obvious that liberty of domicile could not exist, since for anyone to change his habitation, it would be necessary for him to obtain an order for a new domicile from the state, the sole proprietor. Every privilege has its price which must be paid, and the cost of liberty of choice of domicile is rent. When this exists no longer, and the state provides a house or lodging gratis, the individual would be as closely bound to his

[1] Schäffle, *op. cit.*, p. 91. [2] *Ibid.*, pp. 66, 67.

domicile as an oyster to its shell. When a soldier wishes to exchange into another corps, he has first to obtain the consent of his colonel; next, he must find some soldier in the corps he wants to join willing to exchange with him; then, if the colonels of both regiments approve, the exchange can be effected. Under the collectivist *régime*, anyone desiring to change his domicile would have to take similar steps: collectivism would, in fact, substitute a military *régime*, with its rigorous discipline, for all the existing civil liberties. The destruction of individuality would be the inevitable result of such a system, and the position of the labourer under it would be worse than that of the serf of the middle ages; for the latter, though liable to "dîmes" and to "forced labour," had, at any rate, possession of his own field, and days on which he was free to work for himself, of which rights collectivism would deprive him. If now a workman falls out with his foreman, if he is unpopular and ill-treated by his fellows, he can change his situation or adopt another calling; but what resource would he have when all employers but one have disappeared? To change, he would need the authorisation of the state as represented by his immediate superior, or possibly the assent of the majority of the members of his work-shop might be necessary—either way, permission could only be obtained as an act of grace, as in the case of a soldier wishing to change his corps. Is it possible to feel any confidence that the officials who would represent the one universal employer would show no favouritism in the distribution of tasks, in the approval or condemnation of work, and in the fixing of wages, or that there would be no tyranny or persecution? To-day the competition between employers acts as a safeguard against these abuses; the greater the number of employers in any industry, the more highly the workman is valued, and the more complete is his freedom; competition is, in fact, the protector of the labourer. Huge shops and great companies have not destroyed his liberty, since if competition fails in one

locality, it exists elsewhere. In our modern organisation, one trade is often so similar to another, that to pass from the one to the other is by no means impossible: for example, an engineer or a stoker can find employment in many different branches of industry. The custom of changing service is now so common and locomotion is so cheap, that even when there is only one employer in a district, he is no longer the only resource for the men he employs. To have but one employer for all trades, and in all places, would impose an odious thraldom upon the wage earner, from which there would be no escape; it is no answer to this indictment to say that the authorities to whom he would be subject would themselves be the elect of the public of which he forms a part, since, as has been already explained, strict impartiality cannot be expected from men who only represent a majority of the whole electorate, and who would therefore be naturally inclined to favour their own side.

Another question of vital importance, is that of the foreign relations of a country organised upon a collective system. These would be affected in three ways: first, by interference with the free course of trade; secondly, by the absence of any fixed basis of exchange, such as is now afforded by metallic money; and lastly, by the temptations offered to powerful nations to take advantage of the economic position of their neighbours, created by a collectivist *régime*.

In the event of a deficiency of any of the necessaries of life—such as bread—a nation could not live without the assistance of other countries. Under existing circumstances this is readily supplied through the agency of international trade, which, thanks to the action of private enterprise, is carried on with the utmost regularity, under a system of free private commerce, which possesses the vast superiority which must always attend the automatic compared with the volitional performance of vital functions. Difficulties between states must occasionally arise, especially when treaties of commerce or tariffs are the subjects of discussion; but these treaties only affect a limited number of

commodities, chiefly manufactured articles. The greater part of imported goods, such as raw materials, and particularly food stuffs, pass in either duty-free or are subject to charges which are moderate and but seldom altered. But if the state were the sole producer, the difficulties attending arrangements for international exchange would be greatly increased—they would, indeed, be almost insurmountable, and would reach a culminating point, if all states were organised on a collectivist system. A purchase of cotton, pork, or petrol, made by France in the United States, would be a government operation, and would thus be a matter for diplomatic negotiation; it would be the same with coffee from Brazil, with wool from Australia, or coal from England. The mere technical difficulty of finding conditions for barter satisfactory to both parties would be enormous. Modern cosmopolitan trade meets the difficulty arising from the insufficiency of means of direct exchange between two countries, when one imports largely from, but exports little to the other, by means of drafts upon third countries; but this means of adjustment would no longer be available, and its absence would immeasurably increase the difficulty of international commerce. Since metallic money, the present standard of exchange, would be abolished, how would it be possible to arrange for the payment of international accounts when, as must frequently happen, the direct barter of commodities was for some reason impracticable? The settlement of accounts between states organised upon a collectivist system would thus inevitably become a fertile cause of disputes and difficulties. There would always be a risk that the two governments might fail to arrange terms of exchange, and seeing the length of time (sometimes amounting to years) it takes to conclude a treaty of commerce under existing conditions, we can readily understand how greatly this delay might be increased when the quality and quantity of commodities required by each government, and the value of merchandise to be given in exchange, are all made subjects of direct negotiation. Claims made on account of defective quality, or for loss,

would then assume a grave importance; disputes which nowadays are decided by courts of law, would then be subjects of international discussion, likely to lead to recrimination, possibly to war! But it would be impossible to provide against this difficulty by retaining the use of the money standard for international trade, and at the same time proscribe its domestic use: this standard would necessarily be abolished under collectivism, and its suppression would be followed by hopeless anarchy.

The present system of foreign exchanges and international stock-markets, which is made possible by the existence of a money standard, also greatly assists the development of international commerce, and provides a solid basis for its operations. The course of foreign exchange—that is, the varying rate payable on bills of exchange or orders for payments between nations—acts as a guide for cosmopolitan trade, and it is by this means that one nation discovers it is buying too much from another, or, on the contrary, that it might buy more with advantage; but with the disappearance of money and private trade, this invaluable guide would be lost. International stock-markets provide a convenient means, especially at a time of crisis, for adjusting the balance of accounts between nations: this also would disappear, since all bonds and shares would be abolished. Is it possible to imagine France proposing to pay her debts to other countries with labour-cheques?

We see, then, that the substitution of negotiations between governments for those between private merchants, would destroy both the solid basis and the unfailing mechanism which now sustain international trade, and would make the rapidity of action, which, in the case of threatened famine would be so essential, impossible. These children of a larger growth who call themselves "scientific" socialists, have detected none of these difficulties! Not one amongst them even alludes to a question of such grave importance as that of the international relations between collectivist states: not even Schäffle, with his usually perspicuous intellect, shows any apprecia-

tion of the insurmountable difficulties and dangers which confront collectivism from this quarter.

Another natural consequence of the establishment of their system, which has also escaped the superficial observation of Marx and his disciples, is the temptation that would be offered to international cupidity. At the present time, many of the inhabitants of nations that are prolific but poor, or whose land is unfertile, emigrate to less populous or richer countries; this free and continuous interfiltration maintains economic equilibrium between nations, and although it may occasionally cause internal difficulties, it works satisfactorily on the whole. What would be the attitude of collectivist governments towards this question? Would they exclude all strangers, as is probable, or would they receive them? In either case, the responsibility of the state would be greatly increased, and the menace of war would be always present.

Collectivism would justify the spoliation of wealthy but unprolific by poor and populous nations, since its principles cannot be restricted in their application, and the doctrine logically demands that all humanity, regarded as an economic entity, shall participate equally in the advantages of collectivity. The poorest nations would have a right to their share of the richest land: for national property rests upon the same principles as private property. If the latter is unjustifiable, so also is the former. The only ground upon which nations are justified in resisting invasion, is the right derived from long possession and improvement of the soil. But why should this title be valid for a nation and invalid for the individual? Why should the French retain for themselves the soil on which they have been settled for fifteen centuries, when they have only 72 inhabitants to the square kilomètre, whilst the Germans have over 100, and the Belgians 200? It is obvious that the contingency of war would be greatly increased if the objects of populous and powerful nations, legitimatised by the principles of collectivism, were to become, not a mere political supremacy over their antagonists, but the actual occupation of their

land itself, with all its industrial and agricultural developments.

We see, then, that collectivism, which cannot devise any system for organising domestic economy, would be equally unable to establish satisfactory international commercial relations, that it would lead to the sacrifice of the wealthier to the poorer nations, and that its principles, strictly carried out, would justify unceasing warfare, and end in the common destruction of nationalities and of civilisation.

CHAPTER VI

Economy of labour under a collectivist system. Evils of competition, and the remedy for them. Effect of general diffusion of education. The production of luxuries. The abolition of "rentiers." Fashion.

WE have now examined the positive side of collectivism, so far as its features are discernible under the veil in which they are shrouded by its expositors. Fortunately, clear definition can be dispensed with, since the system proposed by collectivists is so simple that the consequences of its practical application are easy to foresee.

It will be desirable to consider a point to which collectivists attach the greatest importance—namely, the economy which would be secured, the toil which would be avoided, and the increase of leisure which would be gained, by the adoption of their proposed organisation of work and distribution of products.

Collectivists declare that under our present system there is much wasted labour, and much effort which, so far as regards the true well-being of humanity, is altogether futile. Barren exertion, they say, takes the place of productive work, and industrial labour is diverted from its proper object—that is, the production of articles of real utility.

Under the system they propose, idlers, they say, would disappear; but even apart from mere idleness, how large is the amount of unnecessary and sterile labour, such as that of members of the stock exchange, of middle men and intermediaries generally, how excessive the number

of shops, how huge the cost of display and advertisement. Where one baker is required, five or six establish themselves, where one or two insurance agents would suffice, twenty compete for what they call the "business"; what object is served by the existence of luxurious shops, except to gratify the eyes of the frivolous?

How seriously is the manufacturer of useful objects hindered by the production of articles of fashion. The men who find and those who cut diamonds, those who with laborious care construct luxurious carriages, those who weave the rich stuffs with which the wealthy cover their furniture or decorate their wives—all these men, it is asserted, are engaged in unproductive labour: the object of their toil is merely the gratification of vanity, and thus a great section of industrial labour is productive in appearance only. The number of lace makers in France is said to be 200,000; embroideries are perhaps equally numerous; and the making of gloves can hardly be described as being a productive industry. Amongst men's industries also, we find skilled cabinetmakers who, in producing a luxurious piece of furniture, employ a hundred times the amount of labour that would be necessary to make a useful wardrobe; makers of rich carpets, of finely cut glass, and the legion of superfluous servants with which wealthy parvenus love to surround themselves,—is not all the so-called "work" in which these persons are employed in reality a perversion of human toil? Even agricultural labour is sometimes diverted from its legitimate object: if horses were not bred to draw the carriages of the rich, a larger head of cattle might be kept. The more luxurious products are grown at the expense of those of essential utility: the vineyards of Château Lafitte or Chambertin would yield three or four times the quantity of wine they now produce, if the quality were lowered.

Thus, it is asserted that the inequalities of fortune, and the habits to which they give rise, cause a large part of national industry to be sterile, as regards real human

requirements. This is the reason why, according to Stuart Mill, machinery has not diminished the labour of a single man. These grievous facts, however, serve to show how much might be accomplished by intelligent reform, and support the collectivist assertion that, without any loss of well-being, the toil of humanity might be halved. Collectivists deny that they desire to suppress taste and refinement: luxury, they declare, will continue under their *régime;* marbles, gilding, and rich fabrics will not be proscribed, but will be reserved for the decoration of public palaces, not only in the great cities, but also in the provincial towns; and instead of churches, which the new doctrine condemns, the schools will be the places in which public magnificence will be displayed. When thus reserved for the community, objects of art might be ten times less numerous, and yet be sufficiently abundant to rejoice the eyes and charm the minds of the public generally. The immense economy of the labour, now expended in vain, would go far to compensate for any inferiority of productiveness, which might in certain cases be the effect of the substitution of a collectivist for an individualist *régime.* On this point Schäffle writes: "The entire costly and luxurious organisation of advertisements and show-rooms, with the enormous rents of warehouses, together with wholesale and retail trade and the sterile and parasitic dealings of the middle man, would vanish of their own accord, together with trade competition."[1]

Such is the seductive picture collectivism unrolls before our eyes, but Schäffle discreetly refrains from enlargement upon this subject, and confines himself to some general remarks: nevertheless, it is in connection with this part of their doctrine that the arguments of collectivists are the least trivial. The socialist Fourier, whose exuberant imagination was allied with a remarkable power of observation, long since pointed out the defects of commercial organisation which still prevail, and suggested various methods, some reasonable and some Utopian, by which the distribution of wealth might be improved.

[1] Schäffle, *op. cit.*, pp. 75, 76.

We agree with those who hold that the economic system of the present day, which is in process of transformation from industry upon a small to industry upon a large scale, contains a great deal of useless machinery and functions which have become superfluous. In France this is often the case, and public attention has been frequently called by the author of *Le Collectivisme* to the primitive character and antiquated organisation of commerce, to the surplusage of mechanism, to the wasted labour, and to the insufficiency of production and consequent increase of prices which it causes. The number of middle men of all kinds is certainly excessive, and many wholesale and partly wholesale merchants might be eliminated without causing the smallest inconvenience to society. The great stores have, in certain trades, such as clothing and furnishing, already rendered invaluable service to society by reducing the superfluous number of small tradesmen. In the provision trade, notably in great towns, it is the excessive number of retail dealers, such as butchers and bakers, which raises the price of provisions, and prevents the consumer from profiting by reductions in the prices of meat and of flour. Competition, which in these trades is still in a primitive stage, is anarchic, and increases cost in place of lowering it. Thus, the actual cost of bread is, say, from 35 to 40 centimes per kilogram, in place of 30, which it ought to be, according to the price of flour, and the cause is the excessive and constantly increasing number of bakers. It by no means follows from this, however, that it would be either necessary or wise to fix the price of bread or meat officially, or to restrict by law the number of butchers or bakers, still less to make these trades a state monopoly. The evils referred to are only transitory; the first result of the development of competition was to induce an excessive number of persons to adopt commercial pursuits, and thus to cause an increase in the cost of commodities; but further development will result in the concentration of labour and a decrease of price; and for competition thus to complete its work, all that is necessary is liberty and experience.

What has already been effected in special branches of trade in France by the great shops, and for many articles of food consumption by the public restaurants known as Bouillons Duval, and by the large co-operative societies in England, liberty and experience will do in all countries; and society will gain, not only by the lowering of prices, but also by the transference of a large number of able-bodied persons, who are now hampering the mechanism of distribution, to the actual work of production.

In this way, the due proportion between the number of men employed in manufacture and the number of those whose only function is to circulate or sell the product, which has of late been somewhat disturbed, will be restored gradually and without any sudden shock. Great establishments, in place of being blindly opposed, ought to be welcomed as efficient agents in the economic organisation of social forces. The present over-crowding of the commercial and liberal professions at the expense of actually productive labour, arises in part from a cause which is transitory—namely, the effect of the sudden diffusion of elementary education amongst the masses, and of higher education amongst the middle classes. Feelings which properly belong to a bygone age still survive, and still mislead men as to the value of acquirements which used to be rare, but which are now common. In former days, a man who had learnt to write easily and make a correct use of language, looked upon manual labour as being derogatory, and one who had received a more liberal education thought that the highest professions only were worthy of his abilities. To-day these sentiments still persist, although the reason for them—*i.e.*, the rarity of education—has disappeared; hence the discredit into which manual labour has fallen, and hence the appalling number of clerks and tradesmen of all descriptions. Elementary education is now of extremely small commercial value; but this fact has not as yet been fully or generally recognised, and consequently habits have not been altered in conformity with the change. Two other causes tend to increase the disinclination of men to undertake useful and

productive manual work, and lead them to prefer callings which are already overstocked: one of these is the novelty of the democratic *régime*, and the other is the constantly increasing diffusion of capital.

Possessed with the idea of "equality," every Frenchman thinks that he has a just claim to stand on the highest social level, and despises the humble pursuits to which the great majority of men are born. He does not distinguish between the purely moral equality, which society endeavours more and more to secure for all its members, and equality of material conditions. Without being Utopian, the former, or something approaching it, may be hoped for: the full attainment of the latter, however, although at some future day it may be more nearly realised than at present, is impossible.

The increasing diffusion of capital has had a similar effect: a considerable number of men now possess from 50,000 fr. to 100,000 fr., and a vast number of individuals from 8000 fr. to 20,000 fr. Formerly such men would have had an opening as autonomous workmen in small industries; these opportunities have now greatly diminished, but the old sentiment still persists, and, disdaining manual labour, either industrial or agricultural, these men open small shops in the town. Useful production is thus deprived of labour, whilst the machinery of distribution becomes congested. The vision of great fortunes formerly made in trade, which become rarer as the economic organisation of society becomes more perfect, still continues to exercise a fascination which increases the effect of the causes already described.

These are the reasons why, in existing society, especially in France, so much labour is wasted. No doubt this must always be the case to some extent; but as time goes on, the evil will grow less: the man of merely ordinary accomplishments will gradually learn that his market value is but small, whilst the harsh conditions and constant mortifications to which clerks are exposed, will tend to diminish the supply. It will be the same with the small retail traders: the impossibility of becoming rich, or even

of making both ends meet, will discourage many who now are tempted to make the venture; little by little sentiment and custom will adapt themselves to the new social conditions; well-instructed men will resign themselves to becoming artisans or manual labourers, and education will exert its true influence, quite unconnected with social distinctions, by elevating the mind, and opening up new sources of mental enjoyment, and by acting as a guide in the conduct of life. But unless of a pre-eminent character, education will no longer be supposed to confer a claim to any function other than that of an ordinary labourer. The same may be predicted of capital; the possession of a moderate sum will cease to be considered, by those who possess it, as entitling them to refuse subordinate occupations; and in the future it will be as usual for young men owning some thousands of francs to become simple workmen, as it is now for those who possess nothing.

In this way, a transformation of society will be gradually and naturally effected, of far greater moral and economical importance than any which could be brought about by the intervention of the state. The larger scale upon which industry is now established will gradually eliminate the small traders, and will thus reduce the excess of the existing commercial personnel: all that collectivism can promise in this direction, is equally attainable under the existing social organisation.

We come now to the alluring promise, that under the collectivist *régime* all kinds of unnecessary manufacture might be abandoned, and the labour of production concentrated upon articles of real utility to humanity, with the result of a large increase in the quantity of these or of a considerable reduction in the hours of labour. A large portion of national produce consists, we are told, of articles of luxury which, from the point of view of social utility, may be described as trash. Luxury is, indeed, as old as humanity, and in all ages moralists and preachers have inveighed against it; but the question is whether, apart from the temptations to moral transgressions which it offers, it is in itself a thing to be

condemned? Luxury brings variety into human life, it stimulates taste and encourages efforts to rise to higher conditions of life, and on these grounds may claim its acquittal, even if it sometimes claims its victims or occasionally becomes an offence and a scandal. The fact that it brings happiness to so vast a number, must also be set against the injury it may sometimes cause. How can a line be drawn between legitimate comfort and luxury? Are strawberries and peaches luxury? Are the grand crus of Bordeaux to be considered luxuries, whilst the vins bourgeois are only reasonable comforts? If point d'Alençon or Indian cashmere are luxuries, are Calais tulle or French cashmere to be placed in the same category? An artistically carved piece of furniture is incontestably an object of luxury: is the commoner article, with its machine made ornaments, also to be so considered? Is the chain of gold or silver which adorns and gratifies the workman, and accustoms him to pay more attention to his personal appearance, an article of luxury or not, and is the labour expended on its manufacture to be regretted and held to be wasted labour? In the production of all the objects named, and in numberless others, there is a considerable expenditure of human labour which no doubt might have been saved, if production were to be confined to the supply of actual physical necessities.

Is the girl of the working classes to be forbidden to long for a silk gown, or to save her wages in order to procure this innocent gratification? But beautiful designs or lovely colours are superfluous: so far as protection against cold is concerned, the skins of beasts, or undyed cloth, are all that is actually necessary. The fact that if men were to restrict their desires to filling their stomachs, and protecting themselves against heat and cold, and were ready to abandon all labour not absolutely necessary for this purpose, they would be able to economise labour, is no new discovery; but how many men would desire to live under such conditions? Who would value leisure purchased by such privations and involving such hopeless

monotony! Clear-sighted moralists have often said that the money spent by a wealthy man is of far greater real benefit to others than to himself; the sight of magnificent houses and splendid equipages give pleasure to the poor who see them. Is this an inhuman feeling which ought to be proscribed? Is it not rather a natural manifestation of desires and aspirations which lie deep in the human heart? Luxury has for centuries unceasingly increased amongst the lower social classes: the wife of a clerk or an artisan now enjoys many comforts unobtainable by the great lords and ladies of a bygone age. Proudhon shows himself a better philosopher than collectivist rhetoricians, when he writes: "Our laws have not the character of sumptuary laws: . . . this is precisely the best point about our taxation; . . . if you strike at objects of luxury, you act contrary to civilisation; . . . What products, in the language of economics, are articles of luxury? Those which represent the smallest portion of the total wealth, those which enter last into the sequence of industrial products, and which for their creation require the pre-existence of all the others. From this point of view, every article of human manufacture has been, and in its turn has ceased to be, an object of luxury, since by 'luxury' we only mean the chronological or commercial sequence of the relation between the elements of wealth. Luxury is, in fact, synonymous with progress; at each moment of social life, it represents the maximum degree of comfort realisable by labour, the attainment of which is the right, as it is the destiny, of all. . . . Human luxury elevates and enobles habits, it is the first and most efficient agent in the education of the populace, and for most men it is the incentive that urges them to strive after the ideal. . . . It is the taste for luxury which, in our day, in default of religious principles, maintains social progress and reveals the idea of their human dignity to the lower classes. . . . Luxury is more than a right in our society: it is an imperious demand; and the man who never allows himself a little luxury is truly to be pitied. And it is at a time when universal effort is tending more and more to

popularise objects of luxury, that you propose to restrict the enjoyment of the people to commodities which you are pleased to describe as objects of necessity. . . . The workman sweats, denies himself, and toils in order to buy an ornament for his *fiancée*, a necklace for his little daughter, or a watch for his son, and you would deprive him of this pleasure. . . . But have you considered that to tax articles of luxury, is to proscribe the arts which produce them?"[1]

Some collectivists would deal with luxury in a far more radical manner than by taxation: they would abolish it, by refusing to produce the articles it demands. It is impossible to place any other interpretation than this upon the hope expressed by Wallace, that production, being no longer occupied in the manufacture of superfluous objects, leisure might be largely extended.

Sufficient importance is not given by collectivists to the influence of luxury in promoting commerce and stimulating inventors; the increase of leisure would indeed be dearly purchased if it involved the renunciation of luxury. Some of these men appear to picture the social life of the future as life in a cloister, without a God and without hope of future life—that is, an existence bereft of all that makes conventual life supportable. It may be said that the proscription of luxury would apply only to the wealthy, and that collectivism, pitying the weakness of humanity, would leave untouched the luxuries desired by the wage-earning and the middle classes; but in this case, the saving of labour effected would be inappreciable.

The census of 1881 gives the French population as 37,405,000, of whom 18,249,209 were returned as being employed in agricultural labour of some kind. It is clear, therefore, that the elimination of articles of luxury could not diminish labour by one-half, since agricultural products are not luxuries. In other classes of labour, we find that 1,130,094 men were miners and metal workers; these, again, are not producers of superfluous objects; 2,100,560 workmen gain their living in mills and manu-

[1] Proudhon, *op. cit.*, pp. 284-6, vol. i., 4th ed.

factories, in the produce of which luxuries have, if any, a quite insignificant place: articles produced in great factories by the aid of machinery are intended for general consumption, not for the use of a small number of privileged persons. In transport 549,568, and in the marine service 251,173 are employed: here, again, no reduction would be possible, except perhaps in the case of the small number of sailors on private yachts or pleasure boats, since the men employed on railways and in the shipping industry are engaged in the transport and exchange of indispensable commodities, such as coal, iron, wheat, cotton, and, to a much smaller extent, coffee or tobacco; it is not with luxuries such as silk from China or diamonds from the Cape that the ships and the railways are loaded; and the statistics of passenger traffic show that second and third class are far more numerous than first class passengers, and produce larger receipts. The army and navy, the gendarmerie and police, account for 552,851 persons; most collectivists propose to abolish these forces, including the police; but unless collectivism effects an immediate transformation of men into angels, a police force will be indispensable. And it is no good answer to say that social conditions being equalised, the temptations to crime would be greatly diminished. We have shown—and Schäffle himself, since he allows that inequality of salaries would be unavoidable, must also admit—that social conditions under collectivism cannot remain equal. Besides, great wealth is by no means necessary as an incentive to crime; the amount for which nine-tenths of murders are committed is quite trivial, sometimes no more than 10 fr.; indeed, as things now are, the wealthy have far less need for protection than those in a more humble station.

It has also been conclusively shown that, far from removing the cause of international disputes, collectivism would multiply them, and thus an army and navy would be quite as necessary as a police force.

So far we have enumerated the calling of 22,833,455 persons out of the total population of France (37,405,290),

and we have seen that with regard to these classes of labourers, if the manufacture of luxuries were to cease, the gain in economy of labour would be quite insignificant.

We now come to commerce, with 3,843,447 workpeople. This number includes women and children, and is thus divided: 1,895,195 persons are engaged in retail trades; 1,164,590 are keepers of hotels or inns, coffee-houses or lodging-houses; and finally, 783,662 are bankers, agents, or wholesale merchants and commercial travellers, either salaried or independent. These figures, especially in the two first classes, are large, and the number of hotel- and inn-keepers appears to be excessive; but it is not to the wealthy, but to the working and middle classes that this is due. The tendency of civilisation, where freedom exists, appears to be towards a reduction in the number of persons who live entirely by commerce, owing to the gradual substitution of large for small industries that is now in progress. Would it be possible for collectivism to act more rapidly or efficiently? Seeing the prodigious amount of administrative machinery that would be necessary for its *régime*, it is very unlikely that collectivism would effect any diminution in the number of persons who are now engaged in shops and account keeping. Every one knows that all public administrations, especially in a democracy, have a tendency to increase the number of employees and of functions; but even admitting that the number of persons engaged in the work of distribution might be reduced by a quarter or even a third, it would represent but a trifling economy of labour, and the gain would be more than counterbalanced by the dangers inseparable from the abolition of free commerce.

The liberal professions, according to the census of 1881, include 1,585,358 persons: this, again, is an excessive number, to the reduction of which the progress of civilisation ought to tend; but collectivism could do but little in this direction, since more than half—that is, 806,050—of these people are public functionaries. Free education,

which, if suppressed, would have to be replaced by official education, accounts for 111,330, and religious communities for 115,595 men and women; but a large part (two-thirds) of the latter class give their work either for education or as nurses. The service of religion occupies 112,771, and 139,000 are engaged in the medical profession; it is very unlikely that these numbers would be smaller under a collectivist *régime;* the legal, artistic, and scientific professions of all kinds account for the remainder. No doubt some reduction in the personnel of the liberal professions might be made by a ruthless application of the principles of collectivism; but assuming that liberty of conscience would still be respected, it is obvious that the reduction could not be large.

It is chiefly to the smaller industries that collectivists would look for securing economy in production. These industries employ 6,093,453 individuals, including women and children, and it is said to be by this class that objects of luxury are chiefly manufactured; but the extent of this production is far less than is generally supposed. The class consists of bootmakers, tailors, upholsterers, smiths, carpenters, chimney-sweeps, etc. In all probability, three-quarters at least of the persons engaged in small industries are following trades which are indispensable, and probably not more than a quarter of the whole number, at the outside, are employed in the production of objects of luxury. It would, however, be rash to assume that even this amount of labour could be profitably diverted to the production of necessaries. In the nine years between 1892 and 1900, the value of provisions imported into France varied between a minimum of 829 millions of francs in 1900 and a maximum of 1505 millions in 1898, all of which were necessaries; during the same period, the imports of raw material, such as cotton, timber, coal, and metals, amounted to a maximum of 2839 millions of francs in 1899 and a minimum of 2101 millions in 1895; making a total average value of imports from foreign countries of about 4 milliards of francs annually. How were all these imports, for the most part

articles of essential utility, many of which France herself could not produce in sufficient quantity, paid for? They were paid for by the export of the class of commodities called articles of luxury, and therefore it is a mistake to imagine that the suppression of the manufacture of articles of luxury would make it possible to produce a larger quantity of articles of essential utility. In some countries but few articles of luxury are produced; in others, especially in France, this industry is far more developed, and supplies the foreign as well as the domestic demand; it is therefore the production of luxuries which indirectly but actually provides commodities which are of essential necessity.

It is clear, therefore, that a reduction in the number of workmen employed in producing objects of luxury, far from being profitable to France, would be the cause of serious loss. Suppose it were possible to divert the labour of a million men and women thus employed to the production of wheat, what would be the result? Their labour, under present conditions, makes it possible, as we have seen, to purchase wheat or any other necessaries which may be required, from abroad; but when a skilled artisan is employed as an agricultural labourer, he might produce from 60 to 70 hectolitres of wheat, whereas the produce of his work in his own trade would exchange for 120 to 140 hectolitres of foreign corn. Again, a fashionable milliner, however strong and active, could not produce more than 30 hectolitres of grain, whilst in her own business her agile fingers would create commodities worth double that quantity. France is, indeed, the last country in the world in which the suppression of the manufacture of articles of luxury would increase the production of articles of necessity; it would, on the contrary, diminish it, since, as has been shown, indirect production through the medium of international trade, is a far more efficient and remunerative method than the direct production of these commodities.

We have not yet exhausted the information to be

obtained from these census tables. Persons living exclusively on their income number 2,121,173. Here, again, collectivists think economies might be effected, but three-quarters of the individuals comprising this group are women and children, and probably one-half of the remaining quarter are aged people. The number of persons belonging to this class whom it would be possible to employ in production would be very small, since even collectivists admit that the aged may cease from labour.

Besides, all members of this class are by no means parasites and idlers: they are no doubt to be met with, but their right to be idle must be respected, since interference would violate the sound principle of individual liberty, the chief of all human rights, and would also prejudicially affect the custom of inheritance, the most powerful of all incentives to thrift and enduring labour. Besides, many are to be found in this class whose lives are useful to society: capitalists, for example, who seek for and initiate new enterprises, and highly educated and refined persons interested in science, in art, and in letters, who cherish and maintain the highest results of civilisation.

In addition to all the classes to which we have referred, there are 928,000 unclassed individuals (524,000 women and 403,000 men), amongst whom are included the personnel of establishments for public instruction, of alms-houses, hospitals, and of prisons, also domestic servants who are temporarily out of place, infants put out to nurse, and persons of unknown professions; of this class it is unnecessary to speak.

The class of domestic servants is one which has specially attracted the attention, both of collectivists and of their critics. This class is not placed under a separate heading in the census: servants are classified according to the profession or occupation of their employers; their number (1,506,639 women and 1,050,627 men: total 2,557,266) appears at first sight to be enormous, and to afford some reason for the outcry of collectivists on the

subject of wasted labour;[1] but when this return is analysed, it is found that the great majority of these persons are not employed in personal service, but on work connected with some trade. Thus, over 1,400,000, or nearly three-fifths, are occupied in agriculture; of this number 706,298 are men [almost seven-tenths of the total number of male servants]. These so-called "domestic" servants only differ from other agricultural labourers in that they are paid by the year, and possess that security of occupation which socialists and economists consider so desirable. Almost the same may be said of the 234,000 employed in industry; they are, in reality, assistants in industrial labour, and this is even more true of the 347,000 servants returned as being employed in trade, such as grocers', butchers', and haberdashers' assistants, and of those permanent employees who, owing to want of education, are not classed amongst clerks. Careful analysis shows that the number of male servants who do no productive work, either commercial or agricultural, does not exceed 160,000 to 180,000. In England, owing to the fact that male domestic servants are taxed, accurate statistics of their number are obtainable. According to the latest English returns (1901-02), the number for which the tax was paid, was 211,020.[2] There can be no doubt that in France there would not be so many. In Paris a valet is not as a rule employed by any one paying a rent of less than 3000 fr. On 1st January the number of apartments of a net annual rental of 3000 fr. or over was 26,402,[3] and allowing an average of two male servants to each, it would only make a total of 53,000 for the whole of Paris, amongst whose citizens are included the owners of a half, or at least a third, of the great fortunes of the nation. It would have been satisfactory if more recent information with regard to occupations could have been given than that taken from

[1] M. Jules Guesde dwelt with satisfaction upon this point at a recent meeting at Mans.

[2] *The Financial Reform Almanack for* 1903, p. 166.

[3] See translation of article by Leone Levi in the *Bulletin de Statistique du Ministère des Finances*, juillet 1902, p. 567.

the census of 1881. Unfortunately, however, ill-advised alterations in the tabulation of later censuses make it impossible to obtain accurate information upon this point. The latest census of which up to the present time (February 1903) detailed results have been published, is that of 1896. This gives the distribution of what is therein described as the "professional or active" population, but leaves out of count all persons, women and children, dependent upon the work of one or more members of the family; at the very least, the number of these individuals ought to have been given separately, as is done in the German statistics referred to further on; without this information it is impossible to form an accurate idea of the true distribution of the total population amongst the various occupations. In the same way, this census does not give a separate classification of proprietors, of persons without professions living on their incomes, or of paupers. Still, although imperfect, the census of 1896 appears to lead to the following conclusions. The first great classification is into four classes:—

1. The professional or active population working in France (not including the members of their families supported by them) . . .	18,467,338
2. Population working abroad	4,515
3. Non-professional population separately enumerated (army hospitals, educational establishments, religious communities, prisons, etc.) . .	1,027,918
4. Population with no paid occupation (including all members of families supported by the work of the individuals in the first class) . . .	18,769,240
Total, . . .	38,269,011

The last class is principally composed of women and children, and of the aged.

Of the 18,467,388 in the first class, nearly one-half (8,392,128) are occupied in agriculture and forestry; 7,902,889 are employed in fishing, industry, or commerce; 967,900 in the public service as officials of all kinds, and in the liberal professions; 899,772 are classified under the

heading "domestic" servants employed by proprietors and rentiers; and lastly, 304,649 are described as employees and workmen out of employment—persons whose profession is unknown.

Of these figures, the most striking are those relating to domestic servants, and they, perhaps, are the only ones which give precise information. The number, 899,772, although it still includes some employees, is but little more than a third of the number given in the census of 1881, the reason being that in 1896 agricultural domestics, who in truth are not domestic servants at all in the ordinary sense of the word, have been rightly excluded. Of the 899,772 domestic servants employed by proprietors and rentiers, 703,148 are stated to be female, and 160,173 male; the difference (over 36,000) from the total of 899,772 probably represents employees of proprietors and rentiers, such as hall-porters or some intermediate class. From this it appears that there are only 160,173 male domestic servants in France, and we see that large deductions must be made from statements, such as those made by Guesde, in which the distinction between agricultural and domestic servants is entirely disregarded.

In order to form an estimate of the number of workmen engaged in the production of luxuries, almost the whole of the great class of agriculturists and foresters, who number 8,392,128, not far from one-half of the total "active" population, must be eliminated; some few of the market garden workers may be employed in the production of forced vegetables and fruits, but their number is insignificant, and it should be remembered that this kind of production is useful to the community, since it sets an example for the improvement of cultivation.[1] In the next place, the 7,902,889 persons occupied in fishing, industry, and commerce cannot be said to be occupied in producing luxuries. Iron and steel and common metal industries employ (groups 4 K and 4 L) nearly 700,000 persons, or nearly 4 per cent. of the working population; finer metal

[1] See *Traite théorique et pratique d'Économie politique*, vol. iv., pp. 237-81, by P. Leroy Beaulieu.

work and precious stone cutting (groups 4 M and 4 N), only employ 30,600; hand lace making, only 28,800; flower and feather making, 23,000; corset making, 12,100; the preparation and dyeing of feathers, for dress and ornaments, 5600; kid glove makers, 20,600; Morocco leather workers, 2200; frame makers, 1300; pianos and their accessories, 3800; the making and decoration of fans, 1200; plate glass and mirrors, 1200; crystal and table glass engraving, 500; art mirrors and glass trade, 800; stained glass, 800; enamels, 800; carriage building, only 14,000, whilst the wheelwright industry employs 81,600, or nearly six times as many; watch- and clock-makers and jewellers, 19,300, in addition to 10,300 makers of clock furniture.

No doubt this nomenclature does not include all makers of articles of luxury, but it includes the principal trades, and we find that the total number of workers employed does not reach 180,000, or less than 1 per cent. of the working population; if this number is doubled, so as to make ample allowance for those workers not included in the 180,000, but who in some way or other are producers of articles solely intended for the wealthy, we get 360,000, a number which even then is less than 2 per cent., an infinitesimal fraction of the whole army of workers, and this in the country which is, *par excellence*, the producer of objects of luxury and art!

If, then, socialists were to abolish the production of luxuries, it is clear that the increased production of articles of utility thus made possible would be altogether insignificant.

The problem of luxury has been very inadequately treated by moralists and economists: no one ought to become a slave to his senses; but in itself luxury is of economic advantage, and it must be remembered that the greater part of the articles now used for purposes of cleanliness, hygiene, and decency, by all classes, were not long since considered to be objects of luxury.

If we refer to Germany, we find from the statistical annual for the empire for 1902, that, according to the

census of 1895, out of a total population of 51,770,284, 18,501,307 were employed in agriculture, forestry, and fishing; 20,253,241 in the larger industries, mines, and building; 5,966,846 in commerce, transport, and public establishments (hotels and inns), making in all 44,721,000 persons engaged in the work of production properly so called, or in the distribution of products; 886,807 individuals were employed wholly or partly in domestic work; soldiers, sailors, public and communal officials, and members of the liberal professions, with their families, are put down at 2,836,014, and persons of no profession, with their families, at 3,327,000. Domestic servants are entered as 1,339,000; this number, however, is not in addition to the other classes, since in the German statistics servants are enumerated in the same professions as their employers, but their number is in each case given separately. The 3,327,000 persons with no profession, with their families, are far from being all wealthy and able-bodied idlers; the 168,116 servants employed by them must first be deducted from the total: the method of composition of this class is also very complicated: the first and most important section is that of persons "living on their own income," derived from "rentes" or "pensions," and (deducting their servants) numbering 2,221,264, or less than 5 per cent. of the total population. This class includes all pensioners of the state and of private institutions, all those retired from business, and all those who have reached an advanced age, and live on their savings. For the most part, they are people of moderate means, as is shown by the small number of servants they employ—only one for over thirteen persons. The remainder of those entered in this class are people of very humble condition, or in actual poverty; they consist of 248,291 persons, including their families, living by assistance (von Unterstützung Lebende); 414,587 in establishments for the sick or charitable institutions; 37,318 in the poor-houses (Armenhaüsern); 81,750 in hospitals and refuges for foreigners; 61,256 in prisons or houses of correction; finally, 38,383 persons (including 25,484 women) without

any profession, and not included in the foregoing categories.

Here, again, we see how small a number of idle rich are to be found in these lists; the German population is even less open than the French to this superficial criticism, and these statistics give no support to the assertion that a great economy might be effected by reducing the production of luxuries or the number of the leisured classes. Persons without professions, living on their means, being adults and able-bodied, would certainly not number 100,000. Officials, other than soldiers, and the members of liberal professions of all kinds, even the lowest (Sogennannte freie Berufe), deducting their wives and families, numbered 794,983, of whom, according to the census of 1895, 176,848 were women; all the employees of the public services are included in these figures, and since the reduction of the number of officials is a reform about which socialism shows no anxiety, it is not probable that many men would be withdrawn from this class in order to be employed in the production of objects of utility. No doubt it may be said that a large number of merchants and proprietors generally would be suppressed; but the greater number, both of proprietors and merchants, now render real service to the state, and, if removed, would have to be replaced by public officials, who would often be less competent, and who would not perform their work with the same energy.

Examination of the 161 groups of industrial and the 22 groups of commercial occupations will show to what extent German labour is engaged in the product of luxuries.[1]

Artists and industrial artists, exclusive of musicians and employees of theatres, who are included under the head of liberal professions, exclusive also of their families, are 28,348 in number, 34·359 of whom are women;

[1] *Statistisches Jahrbuch fur das Deutsche Reich* for 1897, which gives the analysis of the population according to occupation, taken from the latest census in which the details are given—that of 1895, pp. 7-23.

32,911 women are employed in making articles of fashion, 27,797 (18,000 women) in making braces, neckties, gloves, and corsets (the half, at least, of these articles cannot be said to be objects of luxury); 40,413, of whom 10,574 are women, are workers in precious metals and jewellery; 6585 in making mirrors, etc. (1313 women); 33,910 men and women in clock- and watch-making; and 20,338 in making musical instruments.

These are the principal industries engaged in the manufacture of articles of luxury, but many of these things are considered by the lower and lower middle classes, not as luxuries, but as necessities. A certain number of workmen employed in industries on a larger scale may also be included amongst the producers of luxuries, as, for instance, the men employed in building great mansions, but their number is quite insignificant. It is evident, therefore, that when collectivists imagine that by abolishing or largely reducing the manufacture of luxuries they could diminish human labour by one-half, they are labouring under a complete delusion; faulty as is their calculation from the material point of view, their error is far greater on the moral side. The prospect of obtaining refined pleasures, and of possessing beautiful objects, constitutes a great incentive to energy and thrift; luxury is not only the result, but is also one of the chief causes of progressive civilisation.

Facts quite as destructive to collectivist theories as those derived from the census, are to be found in the statistics of revenue, which show the respective shares of the large, the moderate, and the small incomes in the total revenue of a nation. It has been shown in the *Essai sur la répartition des richesses*,[1] that in Prussia more than two-thirds of the total revenue belongs to persons the richest of whom have incomes of only 2500 fr. (£100), and that more than four-fifths of the total national income of Prussia is in the hands of the lower or middle classes—that is to say, of persons whose maximum is not more than 6000 fr. to 7000 fr. (£240 to £280). In Saxony

[1] P. Leroy Beaulieu, chap. xix.

it is the same as in Prussia, and an analysis of schedules D. and E. of the English income-tax returns leads us to believe that even there the larger part of the national income belongs to the wage-earning and the lower middle classes.[1] In France the facts are even more striking; in Paris, first amongst cities of luxury, the number of individuals whose income exceeds 32,000 fr. (£1280) is but little over 15,000, and those whose income, from whatever source, is over 12,000 fr. (£480) do not number over 50,000.

Again, with regard to lodging, the *Bulletin de Statistique* for July 1902 gives a summary of apartments and rents in Paris. It appears from this, that apartments at a rental of 20,000 fr. (£800) and above, number only 527, with a total rental of 17,047,150 fr. (£681,885); those at 10,000 fr. (£400) to 19,999 fr. rental are 2296 in number, with a total of 29,615,670 fr. (£1,400,627); those at 5000 fr. (£200) to 9999 fr. rental, 8758 in number, with a total of 57,539,202 fr. (£2,495,668); and those at 3000 fr. (£120) to 4999 fr. rental, 14,821 in number, with a total of 54,504,480 fr. (£2,301,569). The sum total of these figures, which represent net rentals, amounts to 158,500,000 fr. (£6,340,000).

Including the industrial quarters, the total net rental value of dwelling-houses in Paris is 519,766,518 fr. (£23,824,020). Thus, the whole of the wealthier population of this city of luxury, including all persons who pay a net rent of 3000 fr. (£120) or more, occupy apartments the total net rental of which is considerably less than one-third of that for the whole of Paris.

Assuming that on an average income is eight times the amount paid as rent, and making the necessary allowance for vacant apartments, we find that 510 persons in Paris have incomes over 160,000 fr. (£6400); 2154 from 80,000 fr. (£3200) to 160,000 fr.; 8270 from 40,000 fr. (£1600) to 80,000 fr. (£3200); lastly, 13,874 from 24,000 fr. (£960) to 40,000 fr.; and that less than 25,000 persons possess incomes over 24,000 fr. (£960).

[1 *V. supra*, p. 24, note.]

Another point of importance is that the whole income of these classes is far from being used in an unproductive way: a large part of it is invested—that is, it is transformed into railways or other works of permanent value. The portion of their income saved by the upper and middle classes in France cannot be estimated at less than one-third, and of the two to three milliards of francs annually saved by the nation, two-thirds, at least, is due to the thrift of the well-to-do and wealthy classes, although together they do not possess more than a sixth or seventh of the whole national income; not more than 4 per cent. to 5 per cent. of this is used in the purchase of objects of luxury, and even this includes those popular luxuries which no people not absolute ascetics could forego. It must also be remembered that what may be called collective luxury—that is, public expenditure on monuments, churches, promenades, public fêtes, etc.—accounts for a large and continually increasing portion of the expenditure on luxuries; that for which the wealthier classes are directly responsible does not represent 2 per cent. upon the national income.

In view of these facts, but little importance attaches to Kautsky's assertion that socialism would confer a great benefit on humanity by abolishing "fashion." "One of the chief causes of extravagance," he writes, "is 'fashion.' Changes of fashion are not the effect of a law of nature, but of certain social conditions. . . . To be always dressed in the latest fashion is a token of wealth, which is the more impressive the more frequently the fashion changes; the desire is not only to be dressed in the latest style, but also that this should be obvious. Novelty must not only be something new, but different from that which preceded it. . . . Formerly, alterations of fashion were the privilege of the élite: to-day, ladies indignantly complain that the rage for dressing in the fashion is spreading more and more amongst domestic servants and work-girls. To-day the effect of a change of fashion makes itself felt throughout the whole of society, and has a sensible effect upon production. . . .

Amongst the lower classes of the people change of fashion affects their dress only; amongst the well-to-do it affects also the decorations of their houses. . . . It is obvious that these never-ceasing changes in furniture, carpets, etc., must involve an enormous loss of work and material."

After these remarks, which have been considerably abbreviated, Kautsky turns to another, to some extent cognate, subject. "Again," he says, "we will instance a form of waste which is peculiar to capitalistic society, and is caused by the growth of large cities. . . . Farms become vacant, and their former inhabitants require new dwellings in towns. New houses must consequently be built, not on account of an increase, but of a displacement of population, caused not by the attractions of a more healthy, more agreeable, or more fertile situation, nor by a wish to make labour more productive, but by the desire to be nearer to the market, where all merchandise, even that of labour, has more chance of finding customers than in a solitary place at a distance from the market."

After showing how continual are the changes in great cities, especially in their central parts, Kautsky concludes thus:—"Here, as elsewhere, capitalistic production shows itself to be a revolutionary system which possesses no permanent character. It destroys to-day what it created yesterday; it seeks to throw aside everything even before it has become useless, and declares with a light heart that yesterday's labour was in vain, and that to-morrow more labour will be wasted."[1] It cannot be denied that there is an element of truth in this statement. No doubt fashion is the cause of extravagance; no doubt also transformations of cities are often unjustifiable, and are carried out too abruptly. It is right that people should be warned against a frivolous propensity to change in their dress, their furniture, or their houses; it is right also that public authorities should be put on their guard against premature demolitions and unnecessary changes in towns. Yet,

[1] Karl Kautsky: *Le Marxism, son critique Bernstein*, traduction de Martin Leray, pp. 201-208, Paris, 1900.

whilst acknowledging that they are to some extent justified, it is obvious that Kautsky's complaints are greatly exaggerated. It is only a very limited number of persons who are much affected by the changes of fashion, and they are concerned far more with the appearance and the make of the articles than with their material. It is the same fabrics, as a rule, to which year after year a new appearance or a different cut is given, and the amount of social work absorbed in this process is of very small importance. The vast majority of manufactures are not affected, and the great mass of the people are uninfluenced by these changes. Unfashionable articles, also, are not wasted, as Kautsky imagines; they find a market amongst the less fashionable or less well-off classes of society, or they are ingeniously and inexpensively rejuvenated. Under modern systems of production, nothing is really wasted, and the art of utilising remnants is carried to the utmost perfection. However high may be the estimate of the extravagance attributable to fashion, and however great the sacrifices it imposes upon its devotees, its cost certainly would not amount, all told, to 1 per cent. of the total social production. But the phenomenon of fashion deserves attention from a more lofty point of view: philosophically considered, it is seen to be allied to those faculties whose development is essential to the progress of humanity; it is closely allied to the desire for innovation and the wish to imitate that which appears to be the best; and no society can make much progress if these aspirations are not widely diffused and strongly felt. Desire for innovation is necessary to secure the improvement of methods of production, and the taste for fashion is but one of its forms.

Primitive societies do not exhibit this phenomenon; they show but little inclination to abandon traditional customs with respect to clothing, furniture, and housing, or to modify their habits in relation to education and commerce. The waste caused by fashion, insignificant in comparison with the total national production, is, in fact,

an unavoidable consequence of the aspirations referred to, which exert so powerful and beneficial an influence upon the advance of the technical arts and the well-being of society. Fashion, moreover, is intimately connected with freedom, and, except by moral suasion, its influence can neither be suppressed nor lessened without endangering personal liberty. Judging from Kautsky's writing, collectivism appears to wish to re-establish compulsorily a kind of existence which by its monotony and insipidity would plunge mankind into hopeless torpor.

The movement of populations into towns is chiefly caused by the profound changes effected by inventions and their scientific application to the technical arts. Collectivism, if improvement in production continues, could not hope to be free from this tendency, and the passage quoted above shows, as indeed does the whole of the collectivist doctrine, that it is incompatible with liberty of choice of domicile.

No clear-sighted and judicious observer would deny that the modern system of production involves a certain amount of waste, or that the grandiose descriptions sometimes given of economic progress require some modification; but collectivism offers no remedy for the evil.[1] It has been shown how little importance attaches to the assertion that the length of the work-day would be reduced by suppressing the production of articles of luxury, and the caprices of fashion. All that might be gained in this way would be more than counterbalanced by the loss of energy and the evils inseparable from authoritative and despotic organisation. It has been demonstrated, also, how by the imposition of equality in social conditions, all emulation would be destroyed; how in the proposed

[1] See *Traité théorique et pratique d'Économie politique*, 3rd ed., vol. i., pp. 480-509, chap. ix., by P. Leroy Beaulieu. The heading of this chapter is: "Of the progress of production, of its variable course, and of its eventual limits; current illusions about economical progress, the deductions to be made." Special attention is also directed to the section of this chapter headed "Economic progress is always far less in reality than in appearance; examples of illusions on this point; causes of losses in contemporaneous production, etc."

system no room could be found for the liberty of minorities or of individuals, and how its cumbrous machinery, bureaucratic and wanting in spontaneity as it must be, would impede all material progress.

It is, indeed, impossible to find in the works of the writers who preach or interpret the collectivist doctrine, a single valid reason why the human race should embark upon an adventure which already stands condemned by history and common sense.

BOOK III

CHAPTER I

The *Quintessence of Socialism* as a source of information. Bernstein's criticism of Marxian doctrine. *Socialisme théorique et Sociale démocratie pratique.* Concentration of wealth and concentration of industry. Agricultural holdings in the German Empire.

On the Evolution of Socialism since 1895.

SINCE the first publication of *Le Collectivisme*, in 1884, much has happened. In some places, particularly in Belgium, socialism has endeavoured to make use of the co-operative movement as a lever for the promotion of collectivism, and in other places, especially in England, efforts have been made to develop the system of municipal trading, as another means of gaining the same object.

Frequent reference has been made to the *Quintessence of Socialism*, by Schäffle. This book, which was published anonymously, was welcomed with enthusiasm, adopted as a kind of collectivist breviary by the whole body of social democrats in Germany, and introduced into France by a translation made by Malon, one of the most sincere, orthodox, and active of collectivists.

In a subsequent publication, Schäffle declared that it was merely an impartial exposition of the practical working of a new society formed upon the principles of collectivism, and must not be taken as an expression of his own opinion, and in a complementary or explanatory sequel, he states his belief that the programme of democratic socialism is incapable of practical application.

The fact remains, however, that the *Quintessence of*

Socialism is not only a careful and sympathetic attempt made by a very intelligent author to explain the "positive" side of the doctrine of collectivism, but it is the only document in which such an attempt has been made, and is therefore the best available source of information, when making an enquiry into the methods proposed for the practical application of the collectivist theory.[1]

The medley of obscure ideas which goes by the name of Marxian or "scientific" socialism, was, towards the close of the nineteenth century, accepted as a revelation, first by the German socialists, and afterwards by those of France and other countries. Differences of opinion appeared from time to time, but they had reference rather to questions of practical application and tactics, than to the doctrine itself; and although, for electoral reasons and in order to make them more attractive to the peasants and the lower middle classes, some of Marx' proposals were attenuated, or their realisation relegated to the distant future, these infidelities, which appear to have been merely concessions to the political exigencies of the moment, in no way vitiated the substance of the doctrine. It was far otherwise, however, in the case of the startling publications issued by Bernstein in 1898-9; not only was he one of the most active and highly esteemed writers of the socialist party, but, as editor of *Vorwärts* and the *Neue Zeit* and collaborator with Kautsky, the most staunch exponent of Marxism, he was, as it were, the trusted missioner of the founders of "scientific socialism."

Engels received from Marx the commission to publish his MSS., and thus became his intellectual legatee; and Bernstein, as he himself says, was in his turn the intellectual legatee of Engels. "I know well," he says, "that it

[1] The most eminent socialists have admitted that the *Quintessence of Socialism* is a socialistic work. Thus, Robertus Jagetzow, who is considered by some people to be the true father of collectivism, writes: "To-day, without being quoted, I am being robbed by Schäffle and by Marx." See preface by F. Engels to *Le capital* by Karl Marx, Paris, 1900, vol. ii.

[*i.e.*, his own book] differs on many important points from the theories of Marx and Engels, men whose writings have largely influenced my socialistic thought, and of whom one, Engels, not only honoured me with his personal friendship until his death, but also gave evidence of his great confidence in me by his testamentary dispositions."[1] Kautsky also, who published a reply to Bernstein's book, acknowledges the value of his services, and, before attempting to refute his arguments, testified to the pristine purity of his doctrine and to the faithfulness of his propagandism of socialism.[2] Bernstein recognises that, in his criticisms of Marxism, he is, for the most part, only repeating what has already been said by others, but refrains from giving a list of these authors, on the ground that it would contain socialists, both of the present and the preceding generation, of all countries and all schools, and would therefore be too long.[3] He does not, however, refer to the important fact, that such a list would also include economists, and his adversary, Kautsky, referring on several occasions to the *Essai sur la répartition des richesses*,[4] reminds him that he has merely followed the route indicated in that work. "Leroy Beaulieu himself," writes Kautsky, "is the bourgeois optimist *in optimâ formâ*, and the predecessor of Bernstein on the ground we are now considering. Whilst this optimist [that is, Leroy Beaulieu] who sees everything in a rosy light, only proceeds by cautiously groping his way, and with much circumspection, the socialist Bernstein light-heartedly welcomes any one, wherever he may come from, provided he speaks against the doctrine of socialism."[5] Bernstein's criticisms, therefore, are not original, but have been before the public for more than twenty years. How is it, then, that his book, written no doubt with ability and verve, but with a

[1] Bernstein's *Socialisme théorique et Sociale Democratie pratique*, traduction par Alexandre Cohen, 1900, p. 42.

[2] Karl Kautsky, *Le Marxism et son critique Bernstein*, traduction par Martin Leroy, 1900, pp. 30, 31

[3] Bernstein, *op. cit.*, p. 29.

[4] P. Leroy Beaulieu, *op. cit.*

[5] Kautsky, *op. cit.*, p. 184.

dialectic rather less convincing than that of previous writers, attained so great a celebrity? The explanation is, that whilst very little attention was paid to criticism of Marxism so long as it emanated from economists, public attention was at once attracted when similar criticisms were uttered by a prominent socialist. The interest attaching to Bernstein's book is, therefore, rather subjective than objective, and is owing more to his personality and antecedents than to its contents. It will, however, be of interest to trace its principal features and note the conclusions arrived at. It contains five chapters: the first deals with the fundamental basis of Marxian socialism, and is an exposition (with many reservations, but with no formal repudiation) of the principles upon which the so-called "scientific socialism" is founded. These are described as being the materialistic idea of history, which, it is said, is the most important, which gives life to the whole doctrine, and with which, indeed, the principle itself stands or falls,—the doctrine of *class warfare*, the *theory of "plus-value,"* and the *theory of bourgeois production*, with the evolutionary tendencies it involves.

In speaking of the historical theory, Bernstein acknowledges that it is greatly exaggerated, and that it is far too negligent of the influence of factors, other than economic, upon the progress of humanity. This neglect he attributes partly to tactical and partly to doctrinal reasons, and he points out that far less importance was attached to the influence of these factors by Marx and Engels in their earlier than in their later writings; for his own part, Bernstein declares that he feels compelled "to take into account, in addition to the evolution of productive power and of the conditions of production, juridical and moral ideas, the historic and religious traditions of each age, the geographical and other natural influences of which human nature itself, with its spiritual aptitudes, forms a part."[1] Marx' astonishing exclusiveness of mind and inferiority of intellect are conspicuous in his materialistic theory of history, in which he makes all human develop-

[1] Bernstein, *op. cit.*, pp. 13-14.

ment depend upon production and exchange. Thus, the advent and progress of Christianity, the Reformation, Mahommedanism, and, in another order of ideas, the Renaissance, are all ignored as factors of no importance in the development of humanity!

The second chapter of Bernstein's book, which is headed "Le Marxism et la Dialectique Hegelienne," is divided into two parts, which have no connection with each other; one is on "The Pitfalls of Hegelian Dialectic," and the other on "Marxism and Blanquism."

Hegel, whose ideas and methods were so much in the ascendant between 1820 and 1850 or 1860, has quite lost the authority he then possessed; and Marx, when he thought that by adopting the Hegelian method of dialectic he was providing an unassailable philosophic basis for his ideas, was, in reality, building upon a foundation that was insecure and perishing. Bernstein recognises his infatuation with ideology, and speaks of the danger of "arbitrary construction" and of "auto-suggestion" in the interpretation of history; he also reproaches Marx with "an almost incredible neglect of the most palpable facts," with "a mistaken appreciation of events," and with his ignorance of the necessities of modern life.

From another point of view, Bernstein declares that Marxism has never known how to rid itself completely of the naïf conception of the Blanquists, which attributes "unlimited creative power to revolutionary political action, and to its concrete form of revolutionary expropriation."

There is also in this chapter an admission which affects another collectivist, less suspect than Bernstein himself. "Engels," he writes, "at the close of his life, in his preface to *Les luttes de classes*, clearly recognises the error that Marx and himself had committed in estimating the duration of political and social evolution.[1]

The third chapter is headed: "The Economic Evolution of Modern Society." In this chapter the author attacks

[1] Bernstein, *op. cit.*, pp. 38, 39, 44, 45, 46, 52, and 55.

the predictions of Marx, rather than his principles, and shows that during the fifty years that have passed since his first writings were published, and the thirty years since his doctrine was co-ordinated in the first volume of his famous book, *Das Kapital*, the actual evolution of society has been in a direction altogether contrary to that predicted by him. It is on this point that Bernstein's criticism is absolutely destructive of the theory so assiduously elaborated by Marx and imposed by him, not only upon the ignorant and prejudiced populace, but also upon the shallow philosophers who crowd and encumber the world of thought. This chapter commences with a section headed: "Upon the Purport of the Marxian Theory of Value," from which it is clear that Bernstein recognises, if he does not say so in terms, that this theory has no real foundation or justification in facts. "Just so far," he says, "as a commodity or a class of commodities is considered, the Marxian value loses all concrete meaning, and is no more than a purely ideal conception. But under these conditions, what becomes of 'plus-value'? This consists, according to the Marxian doctrine, of the difference between the labour-value of the products and the payment of the labour-force employed for their production. It is therefore evident that from the moment that labour-value is nothing more than an ideal formula or a scientific hypothesis, 'plus-value' becomes, *a fortiori*, nothing but a mere dictum based upon a hypothesis."[1] This is, in effect, a formal condemnation of the Marxian theories of "value" and "plus-value." Again: "The theory of 'labour-value,'" Bernstein says, "leads to error, because it is always represented as being the measure of the extent of the exploitation of the labourer by the capitalist—a conclusion which is also encouraged, amongst other things, by the representation of the quota of 'plus-value' as being also the quota of exploitation, etc. It is already clear, from what precedes, that such a measure would be a false one, even assuming that society could be considered as an entity, and that the total amount paid as wages could be contrasted with the

[1] Bernstein, *op. cit.*, p. 66.

remainder of the social revenue. The Marxian theory of value is no more capable of establishing a norm by which to judge of the justice or the injustice of the distribution of the products of labour than the atomic theory is capable of establishing a standard for estimating the merits or the defects of a work of sculpture. Is it not, now, the case that the best paid workmen—those who belong to the aristocracy of labour—are to be found in those employments in which the quota of 'plus-value' is very large; and on the other hand, the most infamously sweated labourers, in those in which this quota is at its lowest?"[1] This portion of Bernstein's book, however, did not attract much notice; the part which particularly arrested public attention was that in which he examined Marx' prophecy of the increasing concentration of wealth and "the inevitable destruction of capitalistic production."

In this, as in other instances, Marx did not himself originate the theory: he adopted and subjected it to a minute examination, and then placed it before the public in every possible shape, and in the most impressive way. It was Sismondi, an economist with socialistic proclivities, who, at the beginning of the nineteenth century, formulated the so-called axiom of the increasing concentration of wealth and the concomitant increase of poverty of the wage-earning classes, under the new industrial *régime*. He says: "In this way, then, by the concentration of wealth in the hands of a small number of owners, the domestic market will become more and more contracted, and trade will be forced more and more to search for outlets in foreign markets, which are liable to revolutionary changes." In this sentence is to be found the germ of Marx' whole theory, both of industrial crises, and of a plutocracy destined to absorb and destroy the middle classes. Marx was certainly not ignorant of this passage, and it is curious that it was his friend and intellectual legatee, Engels, who reproduced it, in the preface to the

[1] Bernstein, *op. cit.*, pp. 75-76.

second volume of *Das Kapital*, which was published posthumously.[1]

Arguing from the assumed concentration of wealth, the absorption of intermediate by large capitalists, and of the latter by financial magnates, Marx came to the conclusion that the capitalistic system would crumble to pieces under its own weight. Bernstein devotes himself to proving that this theory, generally known as the "catastrophic" theory, has been entirely falsified by events, and to the exposition of the error of the social democratic belief, that concentration of wealth proceeds *pari passu* with that of industrial enterprise. He shows that there is a confusion of ideas between the concentration of industry and that of wealth, which are, in reality, two very different things, and points out how strongly antagonistic the influence of the joint stock company system is to the concentration of wealth—an influence which is quite ignored by socialists. He then quotes figures which show that the movement towards the concentration of industry is quite independent of that towards the concentration of wealth. He also shows that in England the joint stock capital invested in the highly concentrated cotton and wool industries, is divided amongst a very large number of proprietors, whose individual holdings are small. Quoting from the income-tax returns, he says: "In Prussia, in 1854, there were, as is known to readers of Lassalle, only 44,407 individuals, in a population of 16,333,000, with an income of more than £150. In the year 1894-95, in a population of 33,000,000, 321,296 were reckoned as having an income of more than £150. In 1897-98, their number had increased to 347,328. Whilst the population doubled, the number of individuals enjoying a certain competence increased sevenfold. Even after making allowance for the fact that the figures for the provinces annexed in 1866 show that the number of those possessing a competence

[1] See *Le Capital*, by Marx, vol. xi., preface by Engels, French translation, p. 20. The extract quoted above as given in this translation was printed, according to Engels, in the *Nouveaux Principes d'Économie Politique*, by Sismondi, Edition 1819, vol. i., p. 336.

are generally larger than those given for old Prussia, properly so called, allowing also for the fact that the price of provisions had risen considerably in the interval, the proportion of the more well-to-do to the total population still shows an increase of two to one; and if a further period is taken, it is found that in the fourteen years, 1876 to 1890, side by side with a total increase of 20·56 per 100 of tax-payers, the incomes between £100 and £1000 —the bourgeoisie in easy circumstances and the smaller bourgeoisie—increased by 31·52 per cent. The class of proprietors properly so called—that is, of those possessing incomes of £300 and over—increased during the same period by 58·47 per cent. Five-sixths of that increase is attributable to the moderate incomes between £300 and £1000. The proportions are similar in Saxony, the most industrial of German States. Here, the number of incomes between £80 and £160, rose from 62,140 in 1879, to 91,124 in 1890, and that of incomes between £160 and £480, from 24,414 to 38,841, during the same period."[1]

The evidence of these figures, taken from the statistics of income-tax in Prussia and Saxony, are quite conclusive against the validity of Marx' theory that a progressive disappearance of the middle classes and increasing pauperisation are necessary consequences of a capitalistic *régime*.

Bernstein sums up thus:—"The assertion that economic evolution at the present time tends to a relative or even absolute diminution in the number of owners, is altogether erroneous. Their number increases both absolutely and relatively. If the movement and future prospects of social democracy depended upon the fact of the diminution in the number of proprietors, it might in that case resign all hope";[2] the idea of "the absorption of all 'plus-value' by a continually diminishing number of mammoth capitalists," he treats as a superstition.

This socialistic critic of Marx also considers the idea that "shareholders constitute a new class of idlers," as of no importance; he is prepared to admit that "all share-

[1] Bernstein, *op. cit.*, pp. 84-85. [2] Bernstein, *op. cit.*, p. 87.

holders are not idlers," and that even if they were, Marx' theory would be in no way strengthened. In this connection, Bernstein gives expression to a philosophical generalisation which is in harmony with the nature of things, and deserves reproduction. "A 'share,'" he says, "is not merely capital: it is capital in its most complete—it might be said its most sublimated—form. It is the draft drawn by national or universal thrift upon surplus labour freed from all contact with the trivialities of professional activity. It is, so to speak, dynamic capital. And if the increasing number, or, as they may now be called, the battalions, of shareholders, live only as idle recipients of dividends, yet, by their mere existence, by the nature of their expenditure, and by the importance of their social surroundings, they constitute a very potent factor in the economic life of society. The 'share' re-establishes in the social ladder, the intermediate steps which the concentration of enterprise has destroyed."[1]

As to the idleness, with which shareholders as a body are charged, Bernstein might have added that shares and debentures provide means whereby men engaged in professional work can take part in enterprises of material importance to the life and progress of the world. Far from being idle, the great mass of shareholders and creditors of the state have, as a rule, absorbing occupations. If some of them are idlers, or even hereditary idlers, it has been shown that this is by no means an evil, provided that their number is not excessive and that they are not protected from the consequence of their own errors by an artificial system of jurisprudence. In the absence of a leisured class, the arts which embellish life could not prosper, and a number of inventions, which might be of popular utility, would never be heard of, or would be indefinitely delayed.

Consideration of the actual character of production under the existing social system, also helps to destroy the assertion that an enormous and always increasing proportion of products at the present time fall to groups of "pluto-

[1] Bernstein, *op. cit.*, pp. 91, 93, 94.

crats," or "capitalist magnates;" on this, Bernstein makes the following decisive observation:—"That which chiefly characterises modern production, is the great increase of the productivity of labour. The result is a no less considerable increase in the *whole production of objects and commodities for consumption.*[1] What becomes of this wealth? or, to put the question more precisely, What becomes of the *surplus product* which industrial workmen produce in excess of their own proper consumption as limited by their wages? The 'magnates of capital' may well possess stomachs ten times more capacious than those with which they are credited by popular belief, and may employ ten times as many domestics as they actually have: even so, their consumption would weigh but little in comparison with the total actual national production. It must not be forgotten that the great capitalistic production is, before all things, production for the masses. What, then, becomes of the commodities which the magnates and their households cannot consume? If in some way or other they do not reach the proletariat, they must be absorbed by the other classes. Either there must be a diminution, always becoming more and more accentuated, of the number of capitalists, with, at the same time, an increase of the well-being of the proletariat, or there must be a numerous middle class; these are the only alternatives which the uninterrupted increase of production leaves open."[2] This is an argument to which there can be no reply.

If the effect of the division of capital by means of the shares and debentures of joint stock companies, is to restore the numerous steps in the social ladder, which the concentration of enterprise had seemed to destroy, the apprehension that all industries will be concentrated, and that the smaller industries will disappear, is clearly unfounded. The assertion that this would be the case has already been refuted, and Bernstein in that part of his work entitled "Various Classes of Industries by which Social

[1] These words are italicised in the original.

[2] Bernstein, *op. cit.*, pp. 88-89.

Wealth is Produced and Distributed," brings forward further evidence in opposition to this prediction. He shows, by analysing the reports of the factory inspectors, that in England, where enterprise is more concentrated than any other European country, the average number of workers employed per factory is by no means large, and that if in the cotton industry this average continued to increase at the same rate as it did between 1868, when Marx constructed his tables, and 1899, it would take nearly a century before the number of workers per factory would be doubled, whilst the total number of factories would in the same time have diminished only by the negligible proportion of 1·5 per cent.

The facts, with regard to the wool industry, point even more decisively to the same conclusion, and taking the report of the factory inspectors upon all the textile factories throughout Great Britain, Bernstein shows that, supposing the same rate of increase to be maintained, it would require about seventy-five years for the number of operatives per factory to double itself.

These facts reduce the phenomenon of the concentration of industry to its true proportions; they show that it is of far less importance than is generally supposed, and that it is in no way disquieting.

The illustrations which Bernstein gives are valuable, both on account of the minute accuracy of German statistics, and also because Germany is, of all European countries, that in which industrial progress has been most striking during the years 1880 to 1900; yet even here the great majority of German operatives are still employed in small or medium establishments. It is true that between 1882 and 1895 the proportion of industrial workers in Prussia employed in the large industries increased from 28·4 per cent. to 38 per cent.; but besides the fact that this period was altogether exceptional, and that the development of large industries was far less in the rest of the empire, it by no means follows that the smaller industries were in process of disappearing during this period. The tendency of the larger industries has been

rather to absorb the increase of population, than to attract workers from smaller establishments; indeed, it is very frequently, if not generally the case, that the larger industries, in place of superseding the smaller, actually add to their number; and Bernstein shows that notwithstanding the great development of large industries in Germany between 1882 and 1895, the number of operatives employed in the smaller industries, not only showed no diminution during that period, but actually increased.

He also gives tables which show the size and the number of the holdings of agricultural land throughout the German Empire, from which it appears that 45 per cent. of the cultivated land is in holdings of 20 hectares or less, and that if the moderate sized holdings—those of from 20 to 100 hectares—are included, these two classes account for nearly two-thirds (65·78 per cent.) of the whole cultivated area; so that only one-third of the land is in large estates.

In Germany, Bernstein remarks, the holdings which show the largest increase, whether in number or size, are the "medium-sized" holdings of from 5 to 20 hectares; although the term "medium" appears somewhat exaggerated when applied to such small areas. The next largest increase is in holdings of from 2 to 5 hectares; the smallest holdings—of less than 2 hectares—increase in number, but not in extent of total area; the other classes of holdings remain stationary in number and in total area, if indeed they do not decrease. If, in place of the whole of Germany, Prussia alone is considered, the result would be similar, but the proportion of small holdings is larger. Nearly *three-quarters* of the whole area under cultivation in that country is in small (peasants') holdings.

The conclusion arrived at by Bernstein, with respect to the assertion that the concentration of all industries is rapidly increasing, was as follows:—"If the downfall of modern society depends upon the disappearance of the intermediate grades between the apex and the base of the social pyramid, if this downfall assumes as a necessary condition the absorption of these grades by the extremities

above and beneath them, then its realisation in England, in Germany, and in France, is no nearer now than at any period anterior to the nineteenth century."[1]

This, then, is the opinion of this socialist author, who, although nourished upon the doctrines of Marx and Engels, thought it advisable to check them by a careful study of facts.

[1] Bernstein, *op. cit.*, p. 114.

CHAPTER II

Concentration of industry. Census of 1896. Survival of small industries. Marx' theory of industrial and commercial crises. Bernstein and his critics. Chaotic period of industrial organisations. Sources from which Marx obtained information. *Socialisme et Science.* Criticism of "scientific socialism." Jaurès and *Études Socialistes.* Millerand and the *Socialisme Réformiste.* Destruction of theoretical socialism.

IN addition to the information furnished by Bernstein and to that given earlier in this book, some more recent facts relating to the evolution of industrial enterprise in France may be given here.

From the data provided by the census of 1896, the detailed statistical abstract of which, together with the official commentaries upon it, did not appear until 1901, it appears that, of the present population of France, 18,712,689, out of a total of 38,269,011, are classified as professional or active.[1] The difference between these totals is made up of the aged women and children and those who follow no profession or trade. From the 18,712,689 classed as professional or active, the following deductions should be made:—550,000 persons, comprising "the army and the religious bodies, population separately enumerated;"[2] 967,900 persons in the liberal professions and the general service of the state; and 899,772 domestics, employees of proprietors and "rentiers;" after making

[1] *Resultats statistiques du recensement des industries et des professions*, vol. iv., p. 15.

[2] This simple grouping of the army and the religious bodies is the official classification as noted in the text.

these deductions there will remain 16,295,017 individuals actively employed in agriculture, forestry, fishing, industry, and commerce.

We come now to that part of the official statement which relates to the *size of establishments.* The statement is as follows:[1]—"In this analysis," says the official document, "we take account only of establishments with at least one employee or workman." "We will first consider three great classes: the first, agriculture and forestry (section 2); the second, industry, properly so-called (sections 3 and 4 and group 9 B); the third, commerce, including bathing establishments, hair-dressing, etc. (section 6 and group 8 A)."

In these three classes, the average number of wage earners in the establishments referred to, are as follows:—

	Employees and Workmen.	Establishments with at least one Employee or Workman.	Mean Number of Wage Earners
Agriculture . .	3,259,625	1,489,575	2·1
Industry . .	3,786,475	582,592	6·5
Commerce . .	657,475	249,580	2·6
	7,703,575	...	...

"These numbers furnish a first indication of the size of establishments, which is greater in industry than in commerce and agriculture."

The fact that appears most clearly from these official figures, is the immense extent of subdivision, not only in agricultural and commercial, but also in industrial undertakings in France, at the close of the nineteenth century; they show also how widely the reality differs from the predictions indulged in, not only by Marx and the collectivists generally, but also by economists who neglect to obtain accurate information.

At first sight it is difficult to understand how it is that labour should be so much subdivided at a time when

[1] *Resultats statistiques,* etc., vol. iv., "Resultats generaux," p. 70.

economy of effort, good organisation, and the efficient use of powerful machinery, would appear to require the collection of labour in vast factories, and it will be of interest to consider how this situation, which seems contradictory and illogical, has been created and is maintained.

In the first place, the benefit arising from production upon a great scale is not sufficient to counterbalance, still less to surpass, the social advantages possessed by the smaller traders in all that concerns receipt of orders and the maintenance of a good understanding between producers and consumers. Proximity and friendly relations often cause a preference to be shown to small traders, even if the net cost of their goods is somewhat higher.

In the second place, many operations—for instance, baking and laundry work, etc.—are no longer carried on in private houses, as they were during the eighteenth century; these requirements are now supplied by small industries and special trades. This evolution, which has converted so many domestic operations into small independent trades, is a fact of great importance, although it has received but little notice. From the commercial point of view, every small or medium producer is anxious to dispose of his produce himself; and whereas formerly he lost much time in correspondence and travelling to fairs and markets, he now sells his produce to travellers, who themselves form a new class of traders, and who scour the country, and buy commodities where they are produced. This change has greatly encouraged the increase in number of certain kinds of small industries. Thirdly, the inventions of the latter half of the nineteenth century have been favourable to the establishment of small or medium industries, and quite a crop of new industries have sprung up. Again, some of the new industries have in their turn given rise to others; thus, the bicycle and the automobile, and the consequent increase of tourists, have re-established the country inns. In *Le Travail des Femmes au XIX^me^ Siècle*,[1] a number of facts are given which tend to show that these new means of locomotion, so far from being

[1] By P. Leroy Beaulieu, pp. 444 *et seq.*

antagonistic to family life, as might be imagined, may even assist in restoring it.

Without supposing that there will be a cessation of the tendency to concentration of industry in those manufactures which necessitate a large plant and a highly organised and minute division of work, there is abundant evidence to show that a vast field of operation remains open to the smaller industries.[1]

Fourthly, as people grow richer and more refined, they demand novel and more elaborate commodities, the production of which is well suited to small traders, such as florists, carriage builders, art metal workers, etc. There are also some wants common to all and which can most conveniently be supplied locally; all small towns now possess printing works, libraries, and paper mills.

Fifthly, large factories are often themselves the creators of small auxiliary industries. Thus engines require keeping in order and repair—work which cannot be undertaken by the great engine manufacturers themselves—and consequently small establishments spring up locally to supply the want; they are, as it were, satellites of the great manufacturers, but remain independent of them.

We see, then, that it is not all, but only some, industries which tend to become concentrated; it is upon the latter that the attention of socialists is fixed, and they remain blind to the fact of the continuous multiplication of new industries which require only small or moderate establishments.

Although it would be rash to prophesy as to the future, there is, at any rate, no present indication of the disappearance of the smaller industries. The scale upon which any special manufacture is organised, must depend upon the nature of the technique necessary, which is subject to constant change and modification. It is not likely that certain branches of production—such, for instance, as rails, locomotives, iron bridges, or cotton spinning—will ever cease to be organised upon a great scale; but on the other

[1] See *La petite Industrie contemporaine*, by Brants, Professeur à l'Université de Louvain: Lecoffre, 1901.

hand, some branches of industry which seemed to belong definitely to the class of large undertakings, are now found to be largely carried on by small or moderate establishments, as in the case of the transport industry, owing to the development of cycling and automobilism. Sugar refineries also, for the establishment of which, a very large capital used to be considered necessary, and which were in consequence few in number, are now established upon a moderate scale, and whilst the number of the great refineries has remained the same, that of the smaller ones has increased.[1]

When dealing with matters so complex as those relating to economics and social questions, it is wise to beware of generalisations. It is from neglect to observe this precaution, that Malthus, at any rate so far as his theory applies to highly civilised nations, fell into error, as also did Ricardo, with his "law of rent," and the consequences he or his disciples attributed to it; it is this also that explains how it is that economists with socialistic proclivities, and socialists from Sismondi down to Marx and his pupils, have deceived themselves into believing that production would be wholly or almost wholly monopolised by huge industrial establishments.

Another important point of Marx' doctrine, is his theory of industrial and commercial crises, which he connects with the concentration of production. "The final cause," he writes in the third volume of *Das Kapital*, "of all economic crises, is always poverty and the restricted consumption of the masses, in presence of the tendency of capitalistic production to develop productive power as if the capacity of social consumption were unlimited." Bernstein remarks that this theory hardly differs at all from that of Robertus, and asks himself "if the enormous territorial extension of international markets, taken in conjunction with the extraordinary reduction of time necessary for communication and transport, has not increased the possibility of compensating for economical disturbances to so great an extent, and if the immense

[1] See *L'Économiste*, 12th October 1901.

increase of the wealth of the industrial nations of Europe, together with the elasticity of modern credit, and the institution of industrial trusts, has not at the same time so materially diminished the retroactive force of local and special disturbances, that for a considerable period general commercial crises, on the same scale as formerly, have become improbable." He adds that, "speculation is conditioned by the relation between knowable and unknowable circumstances. The more the latter prevail, the more speculation will flourish; the more the contrary is the case, the less scope will there be for it. This is the reason why excessive extravagance of commercial speculation coincides with the *commencement of a capitalistic era*, and why speculation usually indulges in its barbarous orgies in those countries in which capitalistic development is of recent origin. In the domain of industry, speculation flourishes, specially in those branches of production which are new. The longer any branch of production—with the exception of the making of articles of fashion properly so called—has been established in modern industry, the more completely speculation ceases to take the leading *rôle*. The conditions and movements of the market are more easily controlled and more accurately noted."

Bernstein, after referring with approval to the effect of "cartels," trusts, and syndicates, or associations of adventurers—*entrepreneurs*—which in his opinion tend rather to regulate than to disturb economical conditions, concludes thus: "Periodical and partial depression in trade is unavoidable, but the general arrest of commerce in view of the organisation and extension of international markets, and especially of *the enormous increase of production of the necessities of life*, is not. This last is a factor of the greatest importance in our problem. Nothing, perhaps, has so greatly contributed to modify economic crises or to hinder their development as the lowering of rent, and of the price of necessary provisions."[1] Bernstein's forecast, therefore, of the future of civilised

[1] Bernstein, *op. cit.*, pp. 123, 128, 133, 136, 143, and 144. The words italicised are so in the text.

nations under the much-abused economic system which socialists term "capitalistic" is reassuring, and Marx' theory, that economic crises would entail the castastrophic destruction of capitalistic society, stands condemned. It is to be noted that the most serious and intense economic crises occur in primitive countries, or in societies in which, to use the socialists' jargon, "industry is non-capitalistic" —for example, the periodic famines in India or Russia, or the crisis which now (end of 1902) so grievously afflicts the coast population of Finisterre, in consequence of the disappearance of the sardine, which provides their chief industry, from its usual haunts.

Bernstein, the disciple of Marx and Engels, and the intellectual legatee of the latter, having demolished the frail scaffolding of sophisms which constituted their pretentious doctrine, was attacked by the more violent collectivists as an apostate. "It is because I do not represent the position of the workman as being hopeless, because I recognise the possibility of ameliorating it, as well as many other facts already affirmed by 'bourgeois' economists, that M. Plekhanow includes me in the ranks of the opponents of 'scientific socialism.' 'Scientific!' if ever the word 'science' is pure 'cant,' it is when thus used. The phrase describing the condition of the working man as being hopeless, was written more than fifty years since. One meets it in all the radical socialist literature from 1830 to 1850, and many of the statements made appear to justify it. Thus, it is comprehensible that Marx, in *La Misère de la Philosophie*, should assert that the workman's minimum cost of living constituted his natural salary; that the authors of the *Communist Manifesto* should declare categorically that the 'condition of the modern workman, in place of rising with the progress of industry, falls continually lower; [that] the workman becomes a pauper, and pauperism develops even more rapidly than population and wealth;' and that one should read in the *Luttes de Classes* that the smallest improvement in the condition of the workmen 'will always appear to be a "Utopia" in the eyes of a bourgeois

republic.' The hopelessness of the workman's position is, therefore, an unalterable axiom of *scientific socialism.* Whilst to recognise facts which contradict these assertions, is, according to M. Plekhanow, to follow the track of the 'bourgeois' economists who have affirmed these facts."[1]

Admitting that complaints of the evil effects of the concentration of industry at the beginning of the nineteenth century were well founded, it has been shown in the *Essai sur la répartition des richesses*, that the trouble was caused by the abrupt way in which the change was introduced and the rapidity with which it spread, and that many of the unfavourable conditions thus brought about soon improved and disappeared. A phrase made use of in that book, which has been accepted as correctly describing this epoch, is—"the chaotic period of industry organised upon a large scale."[2]

By slow degrees this chaos has become organised, but the era of organisation is not yet, and never will be, quite completed, because a free industrial system possesses an inherent and inexhaustible capacity for improvement. It was under a vivid impression of the evils caused by the industrial chaos referred to that Marx wrote: indeed, the sources from which he obtained his information for his works, especially for *Das Kapital*, were chiefly enquiries bearing upon the events of this period. Engels, in his preface to the third volume (posthumous) of *Das Kapital*, gives a list of the documents which provided Marx with materials. "He has not," says Engels, "made use, to any considerable extent, of other than the four following parliamentary reports:—

"1. *Reports from Committee* (House of Commons), vol. viii. *Commercial Distress*, vol. ii., part i., 1847-48. "Minutes of evidence," referred to under the title, *Commercial Distress*, 1847-48.

"2. *Secret Committee of the House of Lords on Commercial Distress*, 1847. Report printed 1848, evidence printed 1857 (the

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[1] Bernstein, *op. cit.*, pp. 280-81.

[2] *Essai sur la répartition des richesses*, P. Leroy Beaulieu, chaps. xiv., xv., xvi., and xvii.

evidence printed was considered too compromising for production in 1848), *C.D.*, 1848-57.

"3. *Report: Bank Acts*, 1857, and *Report: Bank Acts*, 1858. These two publications are the Reports of the Committee of the House of Commons upon the working of the Bank Acts of 1844 and 1845, together with the evidence given at the enquiry. They are designated *C.B.* (sometimes *C.A.*) 1857 or 1858."

We see that all these documents relate to the *chaotic period of great industries*, and that the two first and most important reports belong to a year memorable for the effects of severe famine and for a revolution. A narrower field for observation would be difficult to find, and the restricted and abnormal character of his information is alone sufficient to deprive Marx' criticisms of existing society of the greater part of their value.

Kautsky, the true exponent of pure Marxism, is obliged to admit that during the first part of the nineteenth century, the British wage-earning classes were in an abnormally distressed condition, and by this admission, he unwittingly destroyed the value of Marx' observations upon the facts relating to that epoch. He writes: "The period from 1812-47 has been the worst for the wage-earning population of England. This is the era from which Engels has borrowed his description of the 'condition of the wage-earning classes'—the time when the proletariat fell into pauperism and crime, and when its physical and moral degeneration was arrested neither by laws favourable to wage earners, nor by energetic trades-union agitation."[1] But these evils were not attributable only to the want of protective legislation for the wage earners, or to the non-existence of trades-union agitation; they were chiefly due to the concentration of industry, consequent upon the introduction of machinery, and especially to the abruptness with which the new conditions were introduced. The immediate effect was to increase the wealth of the wealthy classes, to diminish the cost of commodities, and, at the same time, to cause a profound disturbance of

[1] *Le Marxisme et son critique*, Bernstein, p. 184.

the labour market. The uprooting of entire populations, and the consequent radical alteration of habits, could not fail to cause great troubles; happily, however, they were only transitory. We see, therefore, that descriptions of this epoch, not only those given by Marx and Proudhon, but also by Léon Faucher or the elder Blanqui, as well as, to some extent, by Stuart Mill, relate to a state of things which has now disappeared, leaving hardly a trace, and thus have little or no bearing upon existing industrial conditions.

Whilst the more violent collectivists accuse Bernstein of apostasy, the chiefs of the party deal more gently with him, and, although they oppose him, they appear to consider that he has not repudiated his connection with their party, in which he still retains many adherents. It is no less true, however, that he has given the *coup de grace* to Marxism. Kautsky himself, referring to his well-established assertion, "that the number of owners has for a long time been increasing in place of decreasing," sadly remarked to him at the Stuttgard congress, that "if this is true, the hour of our victory will not only be very far distant, but we shall never attain our end. If it is the number of 'the haves' that is increasing, and not the number of the 'have nots,' we shall always be travelling further from our object in proportion to the rate of social improvement, and it would be socialism, and not capitalism, which would be abolishing itself."[1]

Except that capitalism is not, any more than individualism, the antithesis of socialism, this apostrophe of Kautsky's verges on the truth; impartial and accurate observers see that, in spite of arbitrary laws, imposed by passion or ignorance, and of the fact that the happiness and prosperity of the human race is not consciously its object, it is liberalism and not socialism that is establishing itself. The doctrine which is the true antithesis to socialism, is neither individualism nor capitalism, but liberalism.

The first portion of Bernstein's book deserves attention,

[1] Bernstein, *op. cit.*, p. 289.

not so much on account of its originality, but because of the sensation it produced, and the consequences which followed upon its appearance. The second part, which is more commonplace, and which has been almost entirely neglected by his adversaries—*e.g.*, Kautsky—refers to "the mission of social democracy, and its means for fulfilling it." Renouncing any attempt to overthrow the existing social system, Bernstein bases his hopes upon the development of working men's associations, co-operative societies, and similar organisations, for the formation of which compulsion is not necessary; he also strongly recommends what is known as municipal socialism—proposals which are opportunist, and which differ essentially from the collectivism of Marx.

In 1903 Bernstein published a small book,[1] in which he openly denied the scientific character claimed for Marx' doctrine. The assertion that the theory of plus-value has made a science of socialism, he declares, has been overthrown.[2] He also finds fault with Engels and Marx for founding their appeal on behalf of communism "upon the certain bankruptcy of the capitalistic system of production, which every day becomes more visible,"[3] and shows that, on the contrary, it is the various formulas successively adopted by socialists, that are really in a state of bankruptcy. He says: "The point now is to discover whether the end (of the method of capitalistic production) will be catastrophic, whether this catastrophe is to be expected in the near future, and whether it would necessarily lead to socialism. To this question, or rather, these questions, the socialists have given very divergent answers. I will confine myself to recalling the fate of the 'iron law of wages,' the formula made use of by Lassalle to rouse the masses. Rarely has any economic doctrine been accepted with such firm and deep conviction. For a long time it was the *mot d'ordre* in working-class movements, a symbol which would renew the strength of the most devoted and valiant combatants. Never-

[1] *Socialisme et Science*, Bernstein: Giard et Brière, Paris, 1903.
[2] *Ibid.*, p. 21. [3] *Ibid.*, p. 23.

theless, the time came when, with almost brutal precision, it was established that this 'law' was not a 'law,' that it had no scientific basis, and that it must disappear from our programme; then, if I am correctly informed, it was not without grievous internal dissensions that many of the combatants resigned themselves to accept the new doctrine; it was nevertheless unavoidable. At the present day this 'law' no longer counts; no one speaks of it, which to my mind is going too far. Allow me to recall to you this other idea, according to which the economic condition of wage earners would necessarily grow worse, and would become more and more intolerable, in proportion to the development of capitalism—a theory known as 'the theory of pauperisation' (verelendungstheorie). For a time it had much notoriety: it appeared to rest upon a solid scientific basis, it inspired many passages of the *Communist Manifesto;* it is still to be found in the numerous publications of the last generation of socialists; but to-day that theory is abandoned. I might also refer to the idea of the parallelism between industrial and agricultural evolution, the theory of the progressive diminution in the number of capitalists, the idea that under the influence of machinery, work of all kinds would be equalised—a whole series of theories which passed as having been scientifically established, and that have now been recognised as being false, or rather, to avoid all exaggeration, as being only partly true."[1]

Once more Bernstein asks himself whether "any real connection between socialism and science exists, if scientific socialism is *possible*—and, as a socialist, I add, or *necessary*." After a searching analysis, he concludes that it is not. "When socialism is spoken of as scientific, it is merely an attempt to justify the *aspirations and claims* of socialism, and the theory on which they are founded. The socialistic movement, as a collectivist manifestation, is thus, in truth, the object of study of this theory, which seeks to understand and to explain it (*i.e.*, the socialist movement), to furnish it with weapons, and reveal it to

[1] *Socialisme et Science*, pp. 24-26.

itself; but this agitation is clearly no more 'scientific' than the insurrection of the German peasants, the French Revolution, or any other historic conflict. Socialism as a science appeals to our desire *to know:* socialism as a moving force appeals to *interest.* . . . Between science which represents our desire for knowledge, and a political or economic interest of any kind, there may always be antagonism."[1] Again, "it is obvious that, thus defined, socialism is not only a purely scientific movement. Class warfare is a war of *interests;* . . . the question here is always of a contest, the essential aim of which is to advance the interests of a class or of a party; there is no scientific question, except in so far as science is in accordance with those interests." The whole of this argument, of which only the principal features can be given here, should be read. "As a doctrine, socialism is the theory of this strife (class warfare). As a movement, it has a *definite* aim: —the transformation of a society organised upon a capitalistic system, into a society regulated upon collectivist principles. This end, nevertheless, is not a theoretical prophecy the more or less certain accomplishment of which may be awaited. It is, to a certain extent, a *fin voulue*—a desired end, the realisation of which must be fought for."[2]

To confuse movement towards an end desired in the interest of a class with science, is surely as great an error of reasoning as it is possible to imagine; Bernstein returns again and again to this most important point. "The only question which demands a reply, is to know whether and to what extent the fact that socialism as a political question will allow of that freedom to theorize which is a primary condition of true science." Whether he regards socialism as being a movement towards a definite goal or as a theory, two quite different points of view, he cannot find anything scientific about it. Its doctrines are "subordinated to determinate aims, which do not implicate

[1] Bernstein, in making use of the word "interest," remarks that it may include moral or ideal, as well as material or personal interests, but that this in no way affects the argument.

[2] *Socialisme et Science*, pp. 31-32.

knowledge, but *desire;*" and as to the theory itself, it is permeated with the idea of a hypothetical realisation of future society, and is responsive to aspirations rather than to observation of facts. "Socialism is not, and cannot be, exclusively a science, a pure science. Its very name is evidence of this: sciences do not have names which end in 'ism'; names which end thus denote aspirations, systems of thought and of deductive reasoning, but never science. The foundation of true science is experience; for basis it has accumulated knowledge. Socialism is the theory of a future *social* system, and this is why its characteristics elude all scientific demonstration."[1] Thus, Bernstein completes his destructive criticism of the Marxian doctrine. "Scientific Socialism" is finally destroyed, and the idol before which two generations have prostrated themselves vanishes and leaves no trace.

A movement somewhat analogous to that in Germany took place in France. There also a schism arose amongst socialists, but it was of a different character, and was caused far more by questions of tactics than of doctrines; it is strange that the collectivist doctrine has not been repudiated by the self-styled "moderate" members of the socialist party. Between Jules Guesde, the faithful follower of Marx, and Jaurès and Millerand and socialists who are considered as being opportunists—that is, who are prepared to compromise (*socialistes transigeants*)—there has been no doctrinal rupture similar to that between Bernstein and the German adherents of the so-called scientific socialism. Jaurès and Millerand, as politicians, are satisfied to follow an opportunist policy, to take part in public functions, and to endeavour to secure the control of them by degrees. When necessary, however, they continue, especially the former, to declare themselves as being collectivists. Jaurès, indeed, went further, and, as if "collectivism" was not sufficient, often substituted the term "communism." In the introduction to his book, *Études socialistes*,[2] under the sub-title "The question of

[1] *Socialisme et Science*, pp. 42, 45, and 47.

[2] *Études Socialistes*, Jaurès: Paul Ollendorf, published 1902.

method," Jaurès, referring to the proletariat, writes: "For individual and capitalistic property, which assures the domination of one set of men by another, they desire to substitute the communism of production, a system of universal social co-operation in which every man as of right is a partner. They have thus separated their ideas from the 'bourgeois' ideas; they have also separated their action from 'bourgeois' action. At the service of their communistic ideal, they place an organisation of their own, a class organisation, the growing power of trade-unions, workmen's co-operative societies, and the increasing share of political power they have conquered or secured from the state. *On this general and primary idea all socialists* are agreed."[1]

Thus, according to Jaurès, there is complete agreement upon the general idea of *communism of production*, the *communist ideal*, the only difference arising upon questions of method. Some socialists, like Guesde, refuse to allow of delay, and incline to revolution; others, like Jaurès, would allow of temporary arrangements, and would proceed by the method of progressive absorption of the powers of the state. Unlike Bernstein, Jaurès in no way renounces collectivism pure and simple; he goes even further, since he adopts communism, being apparently ignorant of the distinction which according to German theorists exists between these doctrines.

Throughout the doctrinal dissertations in his book, the word "communism" is used and emphasised by Jaurès. He thoroughly recognises that the revolutionary method advocated by Marx, in whatever sense it is understood, is superannuated. "The two hypotheses—one historic, the other economic—which, according to the opinion expressed in the *Communistic Manifesto*, ought to produce an immediate proletariat revolution, the revolution of the dictatorship of labour, are equally destroyed."[2] But these reflections are in reality applicable only to methods and procedure similar to those advocated

[1] Jaurès, *op. cit.*, p. 9. [2] *Ibid.*, p. 49, 50.

by Marx, and it appears evident from all his explanations, although they are sometimes very confused, that Jaurès' ideal is, in fact, *communism.* "I am convinced that, in the revolutionary evolution which will lead us to communism, collectivist property and individual property (communism and capitalism) will for long continue to exist side by side. This is, indeed, the law of great changes."[1] We see here some concession as to time, but none as to the aim, and the words communism (*complete communism*) and *communist* (*communistic system, communistic ideal*) are here used by Jaurès as if they were the positive formulas of a programme, or the articles of faith of a religion.[2] He declares that it would be a serious mistake to lose sight of the final aim of socialism in the mists of the future: "communism ought to be the manifest and directing idea of the whole movement;"[3] and he accuses Bernstein of a tendency in this direction. In reply to this charge, Bernstein writes, after remarking that Jaurès could not, in making this accusation, have had before him the preface to *Socialisme théorique et Sociale Démocratie pratique*, "or he would have seen that I do not in any way deny the necessity of a guiding aim; but the point upon which I freely admit that I differ from Jaurès, is this: for me, communism is rather a *means* than an *end.* To my mind, it is for the future to decide as to the form which communism will assume, and as to the extent of its development necessary, in order to secure the greatest possible amount of material and moral well-being at each period of history."[4] Thus, the German, a far more profound philosopher than the Frenchman, sees quite clearly that his convictions differ from those of Jaurès, although Jaurès himself has abandoned, on more than one point, the theories of Marx, and has recognised the falsity of his prophecies. Kautsky, in Germany, and still more, Guesde in France, are, exclusive of the aged Bebel, almost the only avowed upholders of unadulterated Marxism at the present time.

[1] Jaurès, *op. cit.*, p. 24.
[2] *Ibid.*, pp. 25, 51, 52, 53, and 54.
[3] *Ibid.*, p. 53.
[4] *Socialisme et Science*, p. 7.

In France, in the early part of 1903, Millerand took a further step outside the collectivist fold. In a book published under the title of *Socialisme Réformiste*, which is a reproduction of some of his lectures, he separates himself from the doctrines of Marx and his disciples. As a practical man, he treats the doctrinaire ideals of the future with contempt. "These Utopias," he says, "are not disadvantageous; they may even be useful, if it is remembered to accept them for what they really are—works of the imagination, constantly changing under the influence of reality; but they would be perilous and would expose the future to fatal danger, if they came to be considered as embodying socialist thought and action." Millerand's description of his programme is vague and wanting in definition, and upon the subject of property, he makes use of a phraseology calculated to make a solution of the problem impossible. According to him, "socialism" "desires that in the new humanity, not that individual property should be suppressed, which would be an incomprehensible proposal, but that it should be transformed and enlarged, so that it should offer to every man a natural and necessary extension of his command of commodities, a right which is indispensable for life and development."

This confused statement, although not of a kind to enlighten the mind of the reader or to assist in the construction of a definite social system, nevertheless departs widely from the ideas of Marx and of collectivists in general. After this introduction, Millerand explains the positive side of his so-called *Socialisme Réformiste*, which, though far less systematic and positive, is quite as disquieting as, if not more so than, the scientific socialism of Marx and Engels.

A man less widely known than Millerand—Sorel—who has given much attention to social questions, and who is counted amongst the most thoughtful and learned members of the contemporaneous school of French socialists, concludes a series of articles on *Socialistic ideas and economic facts in the 19th century*, published in the

review lately founded by Benoit Malon, with the following words:—"We must ask ourselves, what is the law of the degeneration and renaissance of socialism, and what are the conditions under which revolutionaries can preserve their ideas intact, whilst continuing to participate in the national life. We must ask ourselves whether the idea of revolution is really indispensable to Marxism, in what lies its true signification, and compare it with what is known as evolution. Finally, we must ask ourselves whether Marxism is destined to be merged in the ideas of the early socialists, in a vast synthesis, or whether it is but a passing phase of development; or again, whether socialism itself is not merely one aspect of democracy. It is always dangerous to attempt the *rôle* of prophet; to deal with these questions, it would be frequently necessary to anticipate the future. The experience which is now being gained in almost all European countries will soon furnish ample elements for an objective study of the development of socialism."[1] This is well and wisely said, and supports the profound observation made by Bernstein: "Whilst in the field of action socialism has made considerable progress, whilst in almost every country socialists advance from one success to another, whilst the labour movement daily conquers fresh positions and approaches with greater certainty the end it desires, and socialism formulates its claims with greater clearness, it appears that, in the realms of science, on the contrary, theoretical socialism is tending, not to unity, but to dissolution, and that, in the minds of socialist theorists, certainty has been replaced by doubt and incoherence."[2]

Formidable as the socialist party may appear to be, and important as may be the positions it is by way of securing, it is useful to have established the fact, that by the admission of those who were formerly their chief evangelists, these pretentious theories have been completely destroyed; instead of a compact doctrine, nothing now remains but vague, although dangerously attractive

[1] *Revue Socialiste*, Ed. by Benoit Malon, May 1902, p. 544.
[2] *Socialisme et Science*, p. 26.

aspirations; but the more smiling and placid the countenance of the siren, and the more alluring her gestures, the greater is the danger that ingenuous souls and vacillating minds will be seduced by her charms and dragged down into the abyss.

CHAPTER III

The "Parti Socialiste français," the "Parti Ouvrier," and the "Parti Socialiste de France." Enquiry into political differences amongst socialists by George Renard. The five points of the new programme. Co-operative associations: (1) for production; (2) for consumption. Administration of industries by the state and by municipalities.

As has been demonstrated in the preceding chapter, the opening years of the twentieth century have seen the complete destruction of scientific socialism or Marxism; but the downfall of these theories has by no means discouraged the socialist party. New forms of socialism have arisen, but socialistic aspirations remain unaltered, the number of disciples, adherents, and admirers, united by a common ideal, has become larger and more enthusiastic; tactics and the plan of attack have been modified, but the menace to society is as great now as it was when Marxian collectivism was the dominating influence—it is, indeed, even greater and more pressing.

Bernstein in Germany, and Millerand (formerly Minister of Commerce) in France, have introduced the policy of a slow and gradual approach to collectivism, and are contented with small successive steps towards the goal, but they have by no means abjured collectivism itself. At a meeting at Vierzon, in March 1903, Millerand recommended political action of the kind known as opportunist, and pointed out that socialist tactics in a democratic system necessarily differ from those to be adopted under a monarchial government. The socialist party, he declared, must take its share of responsibility

for external as well as for domestic politics; and he asserted that experience has proved the advantage of participation in the work of government.[1]

The day after Millerand advocated these tactics at Vierzon in Berry, Jaurès expounded his views at a great public meeting at Denain, in the "Departement du Nord." "Socialism," he said, "proposes to create a new society: it desires the disappearance of antagonism between the two classes. We do not demand—(it is impossible)—that capitalistic society should be divided in pieces so that each one should have his share. We demand that the huge capitalist property should belong to the nation in common, who would entrust the use of it to workers of all kinds—those who work with their brains equally with those who work with their hands. In this conception, socialists of all schools and of all classes ought to find common ground." Jaurès states the three great categories of reforms in the socialist programme as being—

1. Those relating to the safe-guarding of labour.

2. Those relating to the organisation of the vast system of wage earners' insurance against accident, sickness, old age, and unemployment. The workman cannot by his own effort accomplish the double task of creating wealth for another and of insuring his own future.

3. Those which have for object the transformation of great capitalist undertakings into public services.[2]

Except that Jaurès lays special stress upon the substitution of public for private authority in the conduct of "large capitalist enterprises," and upon the suppression of the "great capitalist wealth," his speech at Denain hardly differs in any way from that of Millerand at Vierzon. At this moment (the spring of 1903), it appears that the majority of French socialists are in agreement with this programme, and oscillate between Jaurès, the leader of the left wing of parliamentary socialism, and Millerand, who represents the right wing.

The "Parti Socialiste français," the principal section of

[1] *Le Matin*, 15th March 1903.

[2] *Ibid.*, 16th March 1903.

the least revolutionary party of French socialists, which is distinct from the "Parti Ouvrier" of Guesde and Vaillant, held a congress at Bordeaux, in April 1903, at which the retention of Millerand, who was present and explained his views, in the socialist party was secured by a small majority. This decision, which maintained the cohesion of the principal socialist forces, was strongly opposed by the radical or orthodox socialists known as the "Parti Socialiste de France." This party, which represents the doctrine of Marx in its primitive purity, under the direction of Guesde, although they could not enforce the acceptance of their extreme views, were able to restrain the socialist leaders from diverging too widely from the collectivist ideal, to compel them to make some sacrifices both in words and action, and to prevent their relapse into simple radicalism.

A similar evolution of socialism is going on throughout the world, although no doubt there are degrees in the extent to which the renunciation of the expectation of an immediate realisation of the Marxian ideal is carried. Guesde in France, Kautsky in Germany, and Hyndman in England, represent the most faithful adherents of the old doctrine; but no one amongst those who desire that it should be modified dares to renounce or disavow it; the differences amongst socialists are, in fact, but of very little practical importance; even the most opportunist of socialists hesitates to repudiate pure collectivism, which is, as it were, a religion whose followers, although in their own consciences they modify the meaning of its precepts and refuse to submit to their application, do not venture upon a public repudiation of its dogmas.

The result of a recent enquiry into the political differences existing amongst socialists was published in 1903 under the title of *Enquête sur les divergences politiques du Socialisme actuel: Documents recueillis et commentés par le Professeur George Renard.*[1]

Renard, by whom the enquiry was undertaken, is not only a socialist, but a declared collectivist; he is a professor at the School of Arts and Crafts, a post created for him by

[1] *Revue* (formerly *Revue des Revues*) for March 1903, pp. 660-80.

Millerand when Minister of Commerce. Renard's object is to show that, notwithstanding some political disagreement, there is no real difference of opinion amongst socialists, as to the basis and the economic aims of their doctrine. He asks whether the serious divisions of opinion in the socialist ranks which have attracted public attention in France, Germany, and Italy, have arisen upon essential points of doctrine, or merely upon questions of tactics, upon the end to be aimed at or upon the best method of obtaining it; is it a question of a general change of direction, or of a more or less provisonal, more or less exclusive choice between different roads which all lead in the same direction?

Having thus clearly defined the points to be elucidated, Renard addressed twenty persons, of importance from the socialistic point of view, in the following countries, four in Germany, one in Austria, one in Belgium, two in the United States, five in France, two in Great Britain, three in Italy, one in the Low Countries, and one in Switzerland.

No reply came from Germany. Ten replies were received in all, from the following well-known socialists:—Emile Vandervelde, for Belgium; Eugene V. Debbs, for the United States; Aristide Briant, Edouard Vaillant, and Renard himself, for France; H. M. Hyndman and Sidney Webb, director of the Fabian Society, for Great Britain; Napoleone Colajanni and Enrico Ferri, for Italy; Domela Nieuwenhuis, for Holland; and Jean Sigg, for Switzerland.

These ten, or, including Renard, eleven, deponents are fully entitled to speak in the name of socialism, since they are representative of all its sections, from the most politic and moderate, represented by Sidney Webb, to the most ardent and impetuous, of which Nieuwenhuis is the expositor.

The silence of Germany is of small importance, since the books of Bernstein and Kautsky have fully enlightened us as to the aspirations and proposals of the various socialist groups in that country. Three very clearly stated questions were asked—one with reference to a purely doctrinal question, the others relating to methods of

practical application. The first question was as follows:— "Do you acknowledge that the economic aim of socialism is the conversion of capitalistic society into a system in which property, collective in respect of the means of production, will be individual only as regards articles for personal use?" To this question, all the deponents may be said to have replied in the affirmative. Vandervelde writes: "On this point, all instructed socialists are, and must be, in agreement." Sidney Webb, with equal clearness as regards the main principle, but with some modifications, replied thus: "Individual possession of the land, and the means of production, appear to us to be the cause of unnecessary evils, and we therefore seek to modify the opinions, customs, and laws which allow of this individual appropriation, wherever it can be shown that an arrangement of the opposite kind is practicable and would probably be successful. It is for this reason that we are constantly labouring to secure the substitution of collective property, organisation, and administration in such or such a form of capital, or in such or such a locality, for the individual property, organisation, and administration of the present system. The ground that must be traversed before this substitution can be effected, appears to us to be enormous and for the moment to have no assignable limits. It is clear that for many things and for many services, individual is preferable to collective administration; it is, therefore, impossible to imagine a time when the substitution can be made complete; besides this, it is not a panacea—it cannot cure all evils, and it is not the only remedy for certain of these evils."

The modifications contained in these last lines relate to questions of method of procedure and the duration of the transitional period: they do not contest the principle of the condemnation of "individual property of the land and of the means of production." The second English deponent, Hyndman, does not reply directly to the question, but as he professes a contempt for Sydney Webb and his school, and violently attacks Bernstein and Millerand, he may safely be classed amongst the thorough-

going collectivists. He writes, premising that without consultation with his colleagues he can only speak for himself: "I think you attach too much importance to the change that has recently occurred in the socialist camp. There is always a minority of temporisers among socialists of all countries, and, so far as I can judge from an experience of twenty-two years, I do not think that, in proportion to the general strength acquired by the movement, they are as numerous or as powerful as formerly. Here at any rate, the Fabian Society, which has done all in its power to retard socialism in England, has practically no influence whatever at the present moment. The 'Independent Labour Party' has been literally compelled to accept socialistic principles, although it was established with the object of avoiding this necessity. It is true that the leaders of to-day intrigue and temporise abundantly. But this will not continue, and it is not a matter which in my opinion need be taken seriously." Renard characterises this reply as a fine sample of the *intransigeance* which intensifies personal discord.

After giving a summary of the replies, Renard says: "From all these replies, in which, notwithstanding some differences easy to explain, the conclusions are almost identical, there appears a pronouncement which may be accepted as indisputable—namely, that the object aimed at by socialism is the transformation of private property, not in its entirety,[1] but as to the greater part (land, means of production, and transport) into social or collective property. The acceptance of this essential principle is, as it were, the touchstone by which a socialist can be recognised. This is sufficient to reduce to its real value the socialism of the *salon* or of election times, which professes to set up a fashionable system, whilst proclaiming the organisation of property to be intangible." Renard may be congratulated upon the clearness with which he

[1] This reservation of Renard's applies only to the property in articles of personal use, clothes, comestibles, etc., always subject to the condition that no commercial use is made of them.

stigmatises the drawing-room, election, or church socialism, or, as it is called by many persons, the "good" socialism, as being humbug or childishness, or a combination of both. The economic aim of socialism, according to those reputed moderate, as well as to the most ardent and fierce of its disciples, is undoubtedly collectivism.

The second question put by Renard is thus formulated: "Do you believe that the desired end is unattainable, except by means of a violent revolution? Or, while admitting that exceptional circumstances may render revolution unavoidable, do you consider that it would be possible, and if possible, that it would be advisable to endeavour to reach the desired end by means of a series of legal and progressive reforms?"

The replies to this question as a rule implicate the simultaneous approval of both methods, some giving the preference to revolutionary, others to legal procedure. Vandervelde declares that the interest of socialist parties compels them to make use of any weapon that is available "to realise gradually all the fragments of revolution, the sum total of which will constitute the social revolution;" Debbs does not believe that a violent revolution is inevitable; he thinks that modern political conditions are such that a complete social revolution may be accomplished without recourse to force. Sidney Webb, who with Bernstein and Millerand forms the right wing of the socialist party, replies thus: "It is evident that the supersession of private property and administration can only be accomplished little by little. The possibility of a complete simultaneous transformation of a complicated social organisation is nothing but a mental delusion. The impediment to transformation is the innate opposition of each citizen to change. Before ten or twenty millions of men can be inspired by persuasion with a desire to change the whole arrangement of their social life, you must have persuaded them to desire the alteration of one or two of these arrangements. Then they will not wait to be persuaded to alter all the others. They will begin by making the changes they wish for. Thus, all democratic

reforms will come little by little, one by one. It is of no importance to ascertain whether this evolutionary movement is or is not satisfactory to us: all that is necessary to know is, whether it is the truth, and whether we are thoroughly convinced of this." Thus, the gradual realisation of collectivism, in spite of the delay which this method involves, is the conception and the aim of Sidney Webb, and of the Fabian Society, which he directs.

In summing up, Renard expresses himself thus: "In fine, with some few exceptions on the extreme left or the extreme right, the sentiment which predominates in the replies of our correspondents appears to be a desire for partial and progressive reforms, without any abandonment of a belief in the possibility, or even the necessity, of a revolution to complete the half-accomplished evolution of collectivism. A policy of reform at ordinary times: a policy of *revolution* if necessary. Some incline towards the former, others to the latter of these policies; there are distinct shades of difference of opinion, which correspond to preferences for more or less rapid, or more or less certain methods for creating the desired future."

This *résumé* appears to be inaccurate, since it is clear that Nieuwenhuis, Vaillant, and Briant are in favour of revolution, of which Sigg also approves, although he relegates it to a more distant epoch; whilst on the other hand, Debbs and Sidney Webb repudiate this idea, and Colajanni agrees with them. The intermediate opinion is that of Ferri and Vandervelde. It appears, therefore, from this unwittingly misleading *résumé*, that the enquirer Renard goes further than Debbs and Sidney Webb, and it is clearly his own opinion to which he gives expression when speaking of the generality of the "belief in the possibility or even the necessity of a revolution, to complete the half-accomplished evolution of collectivism." It is clear that the professor, detaching himself from the right wing of the socialist party and taking up a position in the centre, approves of the idea of a final revolution, the way being prepared for it by a policy of reform.

The third question asked in this enquiry was: "What,

in your opinion, should be the attitude of socialists, with reference to the bourgeois parties in electoral contests or in parliament, in relation to ministerial proposals for democratic reform?"

Nieuwenhuis and Vaillant are violently opposed to any alliance with the bourgeois party, and Ferri is opposed to any sacrifice of the future by the acceptance of temporary benefits, and attacks English trades-unionism. Sigg strongly approves of alliances with the bourgeois party. Vandervelde admits that occasional co-operation for definite ends with other parties may be desirable, but "considers that for a socialist to participate in a bourgeois government would be a *dangerous*, not to say *fatal*, *expedient*," and reminds socialist representatives that they must never for a moment lose sight of the essential difference between them and the representatives of other parties. The bourgeoisie introduces reforms with the hope (although chimerical) of strengthening the capitalist *régime* by improving it; socialists, on the contrary, advocate the same reforms, with the hope, which is justified, of making the wage earners stronger and more energetic in their struggle for complete emancipation, which can only be secured by the intervention of a collectivist *régime*. Briant merely refers to the advantages derived from the mutual help given by advanced republicans and the socialist proletariat to each other. Debbs's reply is a reserved one; he wishes to have nothing to do with the middle-class party, to preserve the political independence of the socialist party, and to make it the only party of the wage-earning classes, and the one destined to achieve their emancipation. Colajanni is more disposed to compromise, and thinks that both in electoral contests and in parliament, the socialist party should ally itself with those of the bourgeois who, for moral reasons or from interested motives, are prepared to make political and economic concessions. The reply of Sidney Webb is to the same effect; the head of the Fabian school is pre-eminently a tactician. "I am of opinion," he says, "that we should work in collaboration

with persons of all opinions for reforms in respect of which we are in accordance with them. In England, persons who hold the most diverse opinions upon religious, political, or economical questions, unite in order to secure a common object, which for various reasons they may think a desirable one, and this in no way prevents their taking part simultaneously in other combinations to obtain some different object. Thus, we are all of us at the same time allies in one field of action and adversaries in another." Such an arrangement may be either very clever or very *naïf;* in this case the ability is with the socialist leader, the *naïveté* is shown by the bourgeois electorate. Hyndman's opinion is not more explicitly expressed in reply to this, than to the two preceding questions, but the same resolute refusal to compromise, which characterises his general response, appears here also.

The general feeling of socialists is shown very clearly by this enquiry; the divisions amongst them are more apparent than real. The complete transformation of modern society, and the substitution of collective for private ownership of all the means of production of every kind, continues to be their avowed object; the tactics to be adopted in seeking to obtain it are the only reasons for diversity of opinion. Rénard concludes: "We confine ourselves to summarising the results at which we have arrived, in the following way:—Unanimity as to the economic end aimed at: difference as to the general method to be followed in order to attain it; active dissension as to the plan of action, and upon the part to be taken by groups and by politicians who have a preference for one or other of these methods." Even these last-mentioned dissensions are, however, of small importance. When battle is joined, either at election time or in parliament, these dissensions disappear, and a solid front is presented. Hyndman sums up the position accurately in these words: "All these discussions here and elsewhere, have not, as far as I can judge, caused the slightest vacillation in the socialist ranks."

Since what is known as the catastrophic theory—that is, the proximate spontaneous destruction of capitalistic society foretold by Marx—has been abandoned by the majority of socialists,[1] and a system of gradual conquest has been generally adopted, it is advisable to examine the system advocated by the "Socialiste Réformistes," by means of which the way for collectivism is to be prepared. The three principal representatives of the "Socialisme Réformiste" are: Millerand, who, it is believed, was the first to use this designation in France;[2] Bernstein, who, following the method of Kant, prefers the name "Socialisme Critique," in Germany; and Sidney Webb in England.

Of these three, the first named has been the most active in the field of politics, whilst from the point of view of the practical application of the system, the third, Sidney Webb, has given the most precise directions for procedure, and has secured the greatest measure of success; between these two, and in agreement with them, Bernstein is the most remarkable temporiser amongst socialist theorists. Jaurès in France and Vandervelde in Belgium approximate to these men in opinion; but although ready to avail themselves of opportunist action, they consider that the collectivist ideal will be more quickly realised than is supposed.

In point of fact, modern society is no longer confronted with a revolutionary change, but with a reforming socialism which is content to proceed by steps, as to the number and length of which each one has his own opinion. The genuine Marxists deplore this policy, which they regard as pusillanimous, although in reality it is evidence of the ability of their successors.

Engels, in his preface to the third volume of *Das Kapital*, speaks disdainfully, both of political economy of a certain theory, as to which he says: "It is possible

[1] It should be remembered, however, that the catastrophic theory has still many adherents besides Guesde in France and Kautsky in Germany.

[2] The title of his last book is *Le Socialisme Reformiste français*, Bibliothèque Socialiste, Paris, 1903.

to construct a popular system of socialism as plausible as that which has been established in England,"[1] but the Fabian school, although excommunicated by Engels, is to-day triumphant, not indeed without incurring the wrath of the purists, but without creating any permanent schism or fissure in the socialist ranks. The new system, which has been widely adopted in England, Belgium, and France, and is advocated by Bernstein in Germany, comprises the following five points:—

I. The development of co-operative associations, especially for articles of consumption, and the employment of their personnel and financial resources, in aid of socialistic propaganda, and for the realisation of socialistic aims.

II. The creation of the greatest possible number of municipal or state industries, and of municipal or national monopolies.

III. The energetic formation of trades-unions, favoured and invested with privileges by the state, which would supply weapons available for political warfare, as well as means of domination in the industrial domain.

IV. The institution of new laws for working men, in order to secure increased legal advantages for the proletariat.

V. Lastly, the crushing of the wealthy and middle classes by progressive taxation, which would check the formation or durability of large private fortunes.

Co-operative associations, industrial or agricultural, are of various types; but it is understood that those here referred to, are those which are directed, not by an employer, or by associated capitalists, but by managers directly representative of the personnel employed, or of the whole of the customers, and for the exclusive benefit of this personnel, or of these customers.[2]

[1] *Le Capital, critique de l'Économie*, vol. iii. (French translation), 1901, preface by Engels, p. 11.

[2] See *Traité théorique et pratique d'Économie politique*, 3rd ed.,

For a long time these associations were scoffed at by socialists, but during the last fifteen years the school of "Socialistes Réformistes" perceived that they might be of great use by concentrating wage earners, and thus aiding the diffusion of socialistic education, and by facilitating the collection of funds in aid of socialistic propaganda, and of electoral contests. For these reasons, Sidney Webb in England, Jaurès in France, and Bernstein in Germany, are enthusiastic advocates of co-operative associations of consumers, which they always endeavour to guide in a direction foreign both to their proper principles and to their natural economical aims.

Co-operative associations for *production* were at first received with favour by socialists. In France in 1831, and later in 1848, many of these associations received the support of the government; and in Germany, Lassalle, in the flirtations with Bismarck, which he entered upon before his death in 1864, demanded a hundred million thalers from the government as a subvention, in support of the workmen's associations, which he thought would effect a transformation of the system of production; but his aspirations were not gratified. Marx was always sceptical as to the future of co-operation, and his apprehension that these associations might degenerate into mere bourgeois joint stock companies, as has usually been the case, does honour to his perspicacity. Co-operative production has now been in existence for seventy-two years since its inception by Buchez in 1831, who established the company of joiners in that year; this was followed in 1834 by the better known company of gilders. Experience, therefore, has been sufficiently prolonged to make it possible to form an opinion, and it is clear that although under specially favourable circumstances these associations may be successful, there is nothing to show that the system is capable of general application. Bernstein's condemnation of these associations for production is almost unqualified; he points out

1900, vol. ii., pp. 556-643, and *La Question Ouvrière au XIX^me^ Siècle*, by P. Leroy Beaulieu.

that the history of those which have become economically successful, supplies an even more emphatic warning, from the socialistic point of view, than that given by those which have failed, since it proves that success implies privilege and exclusiveness. "Far from sapping the foundations of the existing economic system, they [*i.e.*, these associations] rather furnish evidence of its relative solidity."[1] This conclusion is incontrovertibly correct; it has been shown, especially with respect to associations for production, that, as they expand, they depart from the pure co-operative type, and in the long run develop into "sociétés anonymes" or joint stock companies; as a rule, they treat their employees in the same way as do individual employers, neither recognising their rights nor giving them any special advantages. In France, notwithstanding the active support of the government and the municipalities, we find that whilst in 1868 there existed 57 co-operative productive associations in Paris, in 1903 the number had only risen to 84, and that nearly all those which had existed in 1868 had disappeared; just as, by 1868, most of those founded between 1831 and 1850 were no longer in existence. Many associations which are not actuated by the true co-operative spirit take advantage of the very considerable privileges offered by government and municipal regulations; with this object, they become affiliated to the "Chambre Consultative des Associations ouvrières de production," and this is probably true of quite one-half of the 84 associations referred to. In the provinces 89 associations are affiliated, but many are pseudo-co-operative; nearly all of them carry on small industries, requiring but little capital. The causes of the failure of these purely productive associations, from the moral as well as from the economic point of view, have, says Bernstein, been admirably shown by Miss Beatrice Potter (Mrs Sidney Webb), who, in common with most English co-operators, holds that a wage earners' association for production is neither socialistic nor democratic, but individualistic. If the wage

[1] Bernstein, *op. cit.*, pp. 168, 169.

earners are the exclusive owners, complete equality in the workshops is assumed; but as soon as the industry attains more than the most modest dimensions, subordination to direction becomes unavoidable. The consequent disappearance of equality removes the corner-stone of the edifice, and its destruction will soon follow. This is how these associations become transformed into ordinary commercial enterprises. If, however, equality is maintained, expansion is impossible, and the business must always remain of insignificant proportions. These are the alternatives which confront all purely productive associations.[1]

Bernstein points out that the idea that modern production develops an adaptability for co-operative labour is a quite mistaken one; the history of all these associations shows that the maintenance of equality is an insoluble problem, and that even when all else goes well, they are wrecked by the absence of discipline. When the manager is the nominee of the workmen and his position depends upon their goodwill, efficient direction of their labour is impossible: such a position has hitherto proved untenable, and the result has always been that the form of co-operation has been altered. The larger and more complicated the industry, the more the inherent defects of these associations are felt. "What is generally known as co-operative labour, is merely collective in the sense that the work is so simple that it can be performed by groups of workmen without differentiation of function."[2]

These reflections are both forcible and true, and, although they are not novel, are interesting as coming from a socialist writer, thoroughly imbued with collectivist principles. This condemnation of co-operative association for production, as a system capable of general, if not of universal application, amounts, in fact, to a condemnation of the whole theory of collectivism, which assumes the

[1] Bernstein, *op. cit.*, pp. 169-70. In 1870, long before Bernstein wrote, these conclusions were stated in the *Question ouvrière au XIX^me Siècle*, by P. Leroy Beaulieu.

[2] Bernstein, *op. cit.*, pp. 171-76.

general subjection of the leaders of industry to their subordinates. It is obvious that ordinary joint stock companies could by no possibility carry on their business successfully if the shareholders chose to assume the direction of the business or attempted to exercise a close control over it. The infrequency of general meetings—one, or at the most two, yearly—the meagre information given on these occasions, the practically absolute authority of the directors—authority which is again further concentrated in the hands of two or three, if not in those of one person—are all of them necessary conditions for the successful working of most industrial or commercial companies, and this is even more true of such associations for production as those referred to, in which the interest of members would not be merely that of shareholders, but would include their personal work and professional remuneration. Even if such associations could be successfully developed, they would in nowise assist socialism, and on this point all the more clear-sighted socialists are agreed.

A German writer, of socialistic tendencies, Dr Frank Oppenheimer, in a book on agricultural associations, has indicated with clearness a distinction between associations of buyers and associations of sellers. Associations of buyers are essentially democratic in character; their objects are identical, and are in harmony with the interests of the whole community. But those of associations of sellers are of a very different character: they are far more complex; and the interests of different associations soon ceases to be the same—each one seeks for the best market for its own products, and they are thus quite as antagonistic to the interest of their social environment as is an individual trader. According to Sidney Webb and Gide, their tendency is towards oligarchy, and Bernstein also calls attention to the exclusive character of "industrial associations for production."[1] He points out that society would have the same grounds for disagreement with them as with capitalistic undertakings, and adds: "It remains to

[1] Bernstein, *op. cit.*, p. 197.

be seen whether agreement with them would be always more easy to arrive at."[1] Gide points out that the tendency of such associations must be to place their own interests before those of the community, and says that the egoism of a collectivist association is even more fully developed and more stubborn than that of an individual; in this respect, he asserts, wage earners are no better than employers, and he goes on to say: "Not only will these associations for production be in antagonism with consumers, but they will be at war with each other, as are the traders of to-day, and will thus bring about the industrial anarchy which we are so rightly endeavouring to suppress."[2]

It is evident, therefore, that notwithstanding the enthusiasm which the idea of co-operation aroused between 1831 and 1851, and again between 1860 and 1870, it has been relegated by the more thoughtful "Socialistes réformistes" and socialistic economists, to the company of those systems for the regeneration of society which they consider inefficacious; it is condemned, not only on the ground of the difficulty of its application, but also because of the defects and antagonisms which are inherent in it.

As has already been stated, "Socialistes réformistes" rely largely upon co-operation as a preparation for collectivism, and as a means of obtaining the resources for war and for propagandism; but it is to co-operative associations of consumers, not to those of producers, that they look for assistance. There is no doubt that these associations have been very successful. Their triumphs are noted by Bernstein with much satisfaction, and he takes an optimistic view of their future development. The first notable example of this kind of association appeared in 1844, under the name of the "Equitable Pioneers of

[1] Bernstein, *op. cit.*, pp. 173-74.

[2] *De la co-opération et des transformation qu'elle est appelé à realiser*, by Charles Gide, pp. 18-20; see also, *Traité théorique et pratique d'Économie politique*, P. Leroy Beaulieu, vol. ii., p. 623 *et seq.*

Rochdale," the successful development of which, during the sixty years that have elapsed since its establishment, is a splendid testimony to the superiority of *associations of buyers* over those of *sellers*. The plant of co-operation found a favourable soil in the domain of "consumption," and flourished amazingly, not, of course, without check or relapse, but its successes have been numerous and sometimes startling. Bernstein, whilst noting that the continual growth of public services, both state and municipal, must limit the expansion of co-operation, and that for this reason it could never embrace the whole system of production and distribution, asserts that a great field of action remains open for its operation, and adds that, "in view of the fact that the movement initiated by the weavers of Rochdale, with a capital of twenty-eight pounds, has, within fifty years, secured the command of a capital of twenty millions sterling, it would be rash to attempt to define the distance still to be traversed before the limits of this expansion will be reached, or the forms the movement may still assume." The prophecies, however, of the more ardent advocates of co-operation, are obviously extravagant. Bernstein himself recognises that suppression or reduction of dividends would greatly restrict the progress of the movement. He refers also to the complaints made by the co-operative journals, of the difficulty experienced by the British societies in finding a profitable use for their disposable capital, and admits that "a slackening of the rate of increase of these associations for consumption must at some given moment become an almost mathematical certainty."[1] It must also be remembered that the bourgeois class has taken a large share, both in the initiation and the direction of the movement. In England, the "Army and Navy" and the "Civil Service" co-operative societies were founded by this class, and in all countries the bourgeois element plays an important part in a great number of small local co-operative societies. It is therefore an error to regard co-operation as being exclusively a workman's movement.

[1] Bernstein, *op. cit.*, p. 178.

It appears probable, also, that as time goes on, many of these associations will either disappear or will change their character and tend to become joint stock companies; their mission appears to have been the mitigation of the abuse of retail trade, but not the suppression of the small trader, and, as Bernstein points out, "opportunities constantly happen which offer the individual trader a chance of adapting himself to the altered conditions;"[1] but the reformation of abuses is too restricted a *rôle* for the enthusiastic partisans of the movement; thus limited, co-operation could not effect the transformation of society. With much ingenuity, socialists of all kinds—Bernstein, Vandervelde, and socialistic economists, such as Gide —suggest that a practice often successfully adopted by certain great British or Belgian co-operative societies, might be utilised in the attempt to make these societies the pivot of a great social transformation. The practice referred to is the establishment of small societies for the manufacture of various articles, affiliated to a parent society but working independently of it: these societies, assisted by the capital and administrative experience of the parent society, and having it as their customer, meet with far fewer difficulties, or surmount them with far greater ease than ordinary autonomous associations for production.

"We see," says Bernstein, "that those associations for production are the most successful which, whether established by trade-union capital or by that of associations of consumers, do not manufacture principally for the profit of their employees, but for that of a much larger body, of which, if the spirit prompts them, the employees may form part; these associations therefore assume a form which approaches the socialistic ideal." He adds that, in spite of the advantages they enjoy, both for production and sale, the manufacturing establishments affiliated to the great English societies, often require a considerable time before their products can compete with those of private industry. Although the success of these affiliated societies is far from being assured, Bernstein has some justification for saying

[1] Bernstein, *op. cit.*, p. 178.

that they give an "indication" of the direction to take "if it is desired to extend and efficiently develop, in the shortest time possible, the organisation of the wage earners."[1] Gide, in the pamphlet already referred to, which was an address given at the opening of the international congress of co-operative societies of consumers, held at Paris on the 8th of September 1889, describes with the greatest clearness and precision, both the aims and the method of contemporaneous co-operation. This address becomes still clearer if read in connection with other writings of the same author. Although he is not classed with socialists, but with socialistic economists, Gide's exposition shows far better than that made by any socialist, the kind of evolution which enthusiasts expect from co-operation, which ought to approach that of collectivism. "Co-operation," he says, "is for us not merely an institution intended to improve the condition of wage earners by enabling them to spend a little less or to gain a little more; it is destined gradually to abolish wage earning, by giving workmen the instruments of production and by suppressing middle men, including adventurers (*entrepreneurs*). Co-operation does not contemplate the suppression of capital, but only the suppression of its right to claim profit or dividends, by reducing it to a reasonable amount; above all, the object is to give co-operation an ideal, and to elevate minds by pointing out an object which at any rate is worth the trouble of winning."[2]

Gide goes further than Bernstein in asserting the approximation of the co-operative to the collective ideal. "It is certain," he says, "that, carried to its further limits, co-operatism, if I may be allowed this neologism, would end in an organisation very analogous to the collectivist ideal. . . ." He honestly admits that "it is open to some of the same dangers as collectivism,"[3] but is reassured, however, by the reflection that the co-operative movement would be a free one.

[1] Bernstein, *op. cit.*, p. 201.
[2] *Revue d'Économie politique*, January 1893, p. 17.
[3] Gide, *op. cit.*, p. 17 *et seq.*

Dwelling upon the true objects of co-operation, Gide expresses himself thus:—"It should modify peacefully but radically the present economic system, by causing the means of production, and with them economic supremacy, to pass from the hands of the manufacturers, who now hold them, into the hands of the consumers. . . . It goes without saying, that those who, like ourselves, cherish this ideal of co-operation, cannot approve of the diversion of its forces from this object to scatter them in other directions, as, for example, in the establishment of pensions or insurance, which would have the effect of transforming co-operative into provident associations. I hold that it is degrading to co-operation to make it serve individualist ends, and that its true function is to assist the aims of collectivism. The function of co-operation is not the protection of the individual, but social improvement."[1] Gide greatly underestimates the difficulties of the extension of co-operation, and neglects to take note of those experienced by the great English societies in attempting to employ their capital for the extension of the system. He lays down a plan of campaign with great clearness; according to him, the first step towards the conquest of the world, is to arouse the spirit of co-operation, "the co-operative faith," which in England makes a religion of the idea of co-operation;[2] when this has been accomplished, the next stage is that co-operative associations should combine and make purchases upon a grand scale; then, that they should secure, always by refraining from the payment of dividends, the command of a large capital, and use it in the direct production of all articles required; the last stage is that at some future time, more or less distant, these associations should acquire land and farms, for the direct production of corn, wine, and oil, etc., all such commodities, in fact, as form the basis of consumption. To sum up, the first stage is the conquest of *commercial industry*, and the second, that of *manufacturing industry;*

[1] Gide, *op. cit.*, pp. 21, 23.

[2] *Revue d'Économie politique*, January 1893, p. 16.

such ought to be the progress of co-operation in every country. It is one of heroic simplicity."[1]

Heroism and simplicity, however, are not characteristics of the normal types of industry, or of society, and notwithstanding the success obtained by numerous associations of consumers, neither experience nor reason would assign to this kind of association the all-conquering destiny its apostles claim for it. Co-operation, immense as is its field of action, so long as it asks only for free association and abjures all state favours and subventions, is not strictly a socialistic enterprise, except in so far as, like collectivism, it desires the elimination of individual enterprise, and the control of capital. It is nevertheless looked upon at the present time as an auxiliary to socialism, and Gide's recommendations have been largely adopted by the Belgian socialists.[2] In Belgium it is not a question of co-operative associations instituted merely for economical or commercial ends, and open to all: the associations in that country are close institutions, their object being to form a recruiting agency for socialism, and for the provision of funds for socialistic propaganda. The terms for admission into these societies and the employment of their profits are described by Vandervelde. Their regulations are :—

A. That the society is, before all things, a socialistic political party, and that membership implies adherence to the labour party. B. An entrance fee, varying from 50 c. at Jolimont and 40 c. at Brussels, to 25 c. at Antwerp, has to be paid, and a share must be subscribed for, these shares are 10 fr. each, except at Jolimont, where they are 2 fr., and at Louvain 75 c.: the payment for them may be made a charge upon profits, so that no cash need be forthcoming, and thus the poorest can become co-operators. C. Profits are divided into three portions: 1. Sinking fund and reserve; 2. Socialistic propaganda; 3. Dividends for the personnel and the

[1] Gide, *op. cit.*, pp. 10, 11.

[2] *Le Socialisme en Belgique*, Jules Destrée et Emile Vandervelde, 2nd ed., Paris, 1813, p. 32.

members.[1] The proportions in which the profits are divided differs in the different societies, but in all cases a large part is devoted to socialistic propaganda. As an example, "a small society, that of Hautfays, made a net profit of 5171 fr. in 1899-1900, which was thus divided: 100 fr. for the socialistic press, 200 fr. for anti-militarist propaganda; 5 per cent. to the propaganda in the province of Luxembourg, and the balance to a reserve for building."[2]

Consumers' co-operative associations thus form one of the principal instruments of Belgian socialism. Affiliated associations are founded, directed, and supported by subventions throughout the country, even in the smallest towns and in rural districts.

Co-operative associations for production, other than "bakeries," are regarded with indifference, if not with contempt, by the Belgian socialists. "These associations, moreover," says Vandervelde, "play an altogether secondary part in the organisation of the labour party. The decisive part belongs incontestably to the co-operative association of consumers. These are the associations which supply the labour party 'with the larger part of its resources in the form of club assessments, subsidies in case of strikes,' subscriptions in support of the socialistic press, and other propagandist work."[3]

These socialistic co-operative associations are covering the whole of Belgium with a network of affiliated societies, and the organisation is so important and so little known outside Belgium, that it well deserves attention. Co-operation here is but the means, the avowed object is collectivism; but whilst in other countries co-operation is not so deliberately acknowledged as the auxiliary of socialism, yet the idea that it may give moral or even material aid to the labour party is gaining ground generally. Holland shows the nearest approach to the Belgian view, and the English, although with circumspection, have taken some steps in the same direction. In France also, under

[1] Destrée et Vandervelde, *op. cit.*, pp. 36-37.
[2] *Ibid.*, p. 58. [3] *Ibid.*, pp. 50-51.

the guidance of Jaurès, an attempt has been made to utilise co-operation in this way.

It is a question whether the enthusiasm necessary to preserve the devotion of co-operative societies to collectivist ideals will continue indefinitely. The difficulties of co-operation, even if it is for consumption only, must be enhanced by regulations restricting the selection of members and of the directing personnel, and levies made upon profits for propagandist purposes may, after a time, be found wearisome by the less zealous members: in short, it appears probable that co-operative associations cannot, without grave risk, continue to place themselves at the service of socialistic propaganda and socialistic ambitions. In Belgium, socialistic co-operation has brought about the formation of the huge antagonistic societies, the "Associations Co-opératives Catholiques."[1] It seems a pity that the interesting economical system of co-operation, which ought to be a means of promoting union and agreement between individuals and classes, should thus be converted into a cause of discord and a weapon of war.

"Socialisme réformiste," whilst seeking to avail itself of the aid of co-operative associations, has recourse at the same time to other means of preparation for the advent of collectivism, and for securing in the meantime such a partial realisation of that system as may be found practicable.

The second part of this party's programme, according to Bernstein and Millerand as well as Jaurès, is to bring about the transfer to the state or to municipalities of as many industries as possible. The nationalisation of railways and of petroleum and sugar refineries is unceasingly demanded; sometimes also of the wholesale trade in grain and flour. The "Socialisme réformiste," as well as "Socialisme collectiviste," is prepared to proceed by degrees, and by the gradual transference of branches of free industries to the state. It has already been demon-

[1] See "Associations Co-opératives Catholiques en Belgique," by Hubert Valleroux, in *L'Économiste français*, vol. i., 1892, pp. 425-29.

strated that even if, in a country in which political power is concentrated and administration is highly disciplined and independent of the electorate, as in Prussia, some industries may be successfully carried on by the state, it by no means follows that the result would be the same in ultra-democratic countries, such as France, where the parliament, which is generally incoherent, unstable, extravagant, tyrannical, subject to private interests, and liable to be carried away by enthusiasm and infatuation, is the omnipotent power, intoxicated with its own omnipotence.

These unstable democracies cannot, without immense peril, take upon themselves tasks more vast than those which in the course of the nineteenth century have already been imposed upon them, and of which they acquit themselves so poorly. The great services which are naturally and traditionally administered by the state, such as the army and navy and the postal service, to which may now be added that of public instruction—afford striking object-lessons on the defects of modern state management.[1]

An administration placed in office by popular suffrage, with a personnel which is constantly changing, has a natural tendency to sacrifice the future to the present. It is tempted, for electoral reasons, either to suppress sinking funds altogether or reduce them to a minimum, and to be guided by similar influences rather than by technical considerations in the selection of its staff. Another serious objection to the state administration of industries is the difficulty always experienced by the public in obtaining redress for injuries caused by the default of its officials.

From the moral and social, as well as from the technical and financial point of view, it would be a gigantic mistake to entrust the state with new monopolies, and this is equally true of the municipalisation of industries.

[1] See *L'État moderne et ses fonctions*, P. Leroy Beaulieu, 3rd ed., 1900.

CHAPTER IV

Municipal socialism. Trades-unions. Progressive taxation. "Solidarism." The "intellectuals." The barriers of education. The two divisions of the new middle class. The position of officials under a democratic government. The essential similarity of the aims of the different schools of socialism.

MUNICIPAL socialism is one of the gravest and most insidious maladies which now threatens modern civilisation. During the last twenty-five years, it has secured a certain number of supporters amongst unreflecting philanthropists, and in England it has made considerable progress. In appearance it is more benign than pure collectivism, of which, nevertheless, it is but one of the forms. It is a fortunate circumstance, that in the country where it most developed, an energetic reaction has set in; the English have become alive to the dangers and crushing financial burdens caused by the recent continuous increase of municipal services. The *Times* initiated a determined campaign against municipal socialism in the autumn of 1902, and published a long series of articles upon the subject.

In some directions the activity shown by British, exceeds that of French municipalities, but in others it is considerably less. Thus, it would be inaccurate to say that the development of French municipalities, when compared with that of British, is merely embryonic; it is very unusual for the latter to own hospitals, theatres, pawnshops, or even slaughter-houses or laundries, whilst all the towns in France of a certain importance own such establishments; they also more frequently possess

public parks, gardens, libraries, and museums. Again, a large proportion of French savings banks are municipal. The unwritten rule, frequently neglected, which in France has hitherto governed the class of enterprises undertaken by municipalities, seems to have been to transfer only those services of local utility which either for special reasons or for reasons of general convenience are not capable of returning a revenue, and which in consequence are not industrial in the full sense of the word. Even when thus restricted, municipal service is open to serious objection. Hospitals under municipal control, as has been seen during the last ten years, have afforded opportunities for the exercise of partisan influence, greatly to the detriment of their organisation and to the welfare of the sick; their management also shows great wastefulness and absence of proper control, and, especially in towns in which, owing to ancient foundations, the hospitals are richly endowed, the staff is unnecessarily increased and too highly paid, in order to create sinecures for political purposes. Again, the fact that savings banks are municipal institutions is a great impediment to their reform; their administration being under political direction, their funds are occasionally used to assist the friends of the municipality when in difficulty, either by loan on mortgage or by the purchase of their property, on terms which are often disadvantageous to the banks. It would be far preferable that both hospitals and banks should be free private institutions, unconnected with the municipalities. The best known and most remarkable hospitals in France, those of Lyons, are entirely under private ownership and administration.

On the other hand, many of the English municipalities, under the pretext that they are dealing with matters affecting the public interest, have undertaken a number of industries, such as the supply of water or gas and the construction of workmen's dwellings or lodging-houses; sometimes they go so far as to trade in certain commodities, such as milk for infants, or even for adults, ice, and also fish, as at Cardiff. This constant extension of municipal service

has continued for a long time, and has been accepted by the public, if not with approval, at any rate in silence and with apparent indifference. In 1902, the *Times*, in the series of articles above referred to, dealt with the question of municipal socialism, both in theory and practice, with great clearness. By reference to the manifestoes and programme of the chief British socialist associations, such as the Social Democratic Labour Party and the Fabian Society, it showed that the capture of the municipalities and the indefinite extension of municipal services, form the basis of a complete plan of campaign, and that the municipalisation of industries is the forerunner of collectivism. The programme is being quietly carried out, and the public pay but little attention to it; yet it is clear that if municipalities are permitted to undertake all these services, such a network of municipal organisation will be created, and so great a hold upon daily life will be secured by the municipal authorities, that not only freedom of trade and industry, but personal liberty, in the widest sense of the word, will be in the utmost peril. In thus attacking the system of municipal socialism, the *Times* is the defender of modern society; there can be no doubt that the capture of the municipalities by the socialists would greatly facilitate their capture of the whole system of modern social organisation.

With regard to the practical application of the system, the *Times* refers to the enormous increase of municipal debt and of the rates. Whilst between 1874 and 1899, the year of the South African war, the national debt was reduced by 137 millions sterling, municipal indebtedness increased by 183 millions, and by 1902 had risen to more than 300 millions.

In the last twenty-five years, whilst the rateable value has increased by 30 per cent., the local debt has tripled itself. The central government has been compelled to give assistance to municipalities out of national funds, and this contribution, which in 1869 was £17,000,000, had risen by 1899 to £38,000,000; on the other side, it is said that against this enormous increase of debt and rates

must be set the profits derived by municipalities from all their various undertakings; but if these profits were considerable, the rates ought, in place of a large increase, to have shown a reduction: it has also been demonstrated that the alleged profits in many, if not in all cases, are apparent rather than real. The amounts deducted from gross profits for sinking fund are insufficient, and a striking example of this is given; the municipality of Sheffield claimed a profit on the working of their tramways of £32,000 on the last year's working, but no provision had been made for sinking fund or depreciation, and it was proved that £35,000 ought properly to have been charged to this account; thus what was claimed as a profit of £32,000 was in reality a loss of £3000. Many instances of waste and squandering are cited, and the leaning towards extravagance, which seems natural to municipalities with socialistic proclivities, is made abundantly clear.

In addition to its liability to financial defects, municipal socialism is equally subject to political vices; just as in the case of the state, the administrative body of a municipality is in most cases merely a party in power, anxious to favour its supporters and to weaken and discourage, if not to oppress, its opponents; the risk of corruption is even greater in a municipality than in a central government. Tammany in New York, and more recently Naples, in 1901-2, afford striking examples of the truth of this statement. In France, the secret accounts and fictitious orders for payments—which, according to the "Procureur-General" of the Exchequer (speaking on the 3rd November 1877), had almost disappeared from the bureaus of the state—still flourish in the administration of communes of all degrees of importance.

From the technical point of view, municipalities are not only wanting in initiative, but are also very slow in adopting new methods. In 1903 Deville, reporter of the budget for the town of Paris, made a remark in his report, which is equally applicable to the state as to the municipalities; in that year (1903) typewriting machines had not yet been introduced into public offices,

although they were in use in many private offices, and in all American administrations. There were, he said, 350 clerks in the central town bureau, although, if typewriters were used, only 175 would be necessary. It is well known, however, that no public administration, either state or local, has the courage to make reductions in a staff which is unnecessarily large. In the same report, Deville pronounced himself in favour of the substitution of private enterprise for municipal control, upon the ground of economy.

"Socialisme réformiste" never desists from the agitation by which it seeks to justify its existence, and has recourse to many devices. Whilst it relies much upon co-operative associations, and upon the gradual extension of national and municipal monopolies, it also strives to group and discipline the wage-earning classes, and endeavours to absorb the trades-unions, which it is anxious should obtain the widest possible privileges.

Bernstein derives "socialism" from the word "socius," and defines it as being a movement towards association.[1] If this were so, socialism would differ but little from "economic liberalism," which, without holding that association could ever constitute the only method of action, assigns to it a considerable *rôle* and expects much from it. But association, as interpreted by socialists, is very different from that referred to and recommended by economists. The former admits only of association under restrictions, the manner of grouping of members being fixed by rule, whilst the latter only recognises and approves of free association in which the grouping is voluntary. Bernstein admits, in a restatement or correction of his definition, that he is "by no means a supporter of the mere decomposition of society into free associations."[2] This radical divergence of opinion between socialists and economists appears very clearly in the mission they respectively attribute to trades-unions. To the economists they are spontaneous organisations freely

[1] *Socialisme et Science*, Bernstein, p. 29, Paris, 1903.

[2] *Ibid.*, p. 54.

developed, upon which no special privileges ought to be conferred; every man should be free to join or leave them at will, and those who desire to remain outside their ranks should have precisely the same rights, legal and industrial, as those who are members; according to them, different and antagonistic unions might exist in the same trade, and both would, in the eye of the law, stand upon an equal footing.

To the socialists, trades-unions mean workmen's legal organisations; those who belong to them are privileged; there can be no such thing as dissentient trades-unions; one union ought to include all the workmen of one trade, all those, at least, who desire that their wishes and interest should receive consideration, and, as was proposed by Millerand in the bill he prepared at the time of the strike in 1901, but did not venture to present to parliament, the majority of votes alone should count, the minority must submit.

Thus, socialists endeavour to exalt the trade-union into a tyrant endowed with privileges and armed with power to crush all resistance and triumph over all dissent. The legislation sought after by the "Socialistes réformistes," and which is the fourth point in their programme, is equally the object of the revolutionary socialists, and is directed to the same end—namely, to bring about the industrial supremacy of the wage-earning class, and the complete suppression of the representatives of capital. Their object is to create new rights which would make workmen, if not the masters of the workshop, at least the masters in the workshop, and in cases of disagreement would ensure that the employers should be compelled to yield. By making arbitration compulsory for all industry without exception, by insisting upon a minimum wage, upon pensions, and upon limitation of the hours of work in all those industries which have to obtain a concession from the state, such as mines, railways, etc., a crowd of little industrial republics would be created, in which the master would be merely a president deprived of effective control, although remaining fully responsible.

The fifth object of the "Socialistes réformistes," in seeking which they have the assistance of the radicals and are also in agreement with the revolutionary socialists, is to deprive capitalists, by the agency of taxation, of a continually increasing proportion of the profits they owe to their ability and to fortunate circumstances. The aspirations of socialists have always been for less unequal conditions, or even for the complete suppression of inequality, and pending the realisation of this they would endeavour to secure an approach to it by progressive taxation. Such is the programme of the "Socialistes réformistes," which they are attempting to realise by successive stages; their efforts are assisted by the indifference and inertia of the public, by the want of energy, the timidity, and the stupidity of their victims, and by the co-operation, whether conscious or not, of the radical party.

The new form of socialism, which is termed "Solidarism," is even more insidious than the "Socialisme réformiste"; it differs from pure socialism only in being more benignant in tone and in possessing a more complicated phraseology; but in fundamental character it is the same; both doctrines advocate an artificial system, the effect of which would be to restrict individual enterprise and to deprive it of the larger part of the reward which is the incentive of its action.

The originator of this doctrine is Léon Bourgeois, a past-president of the Council of Ministers and president of the Chamber of Deputies in France. He described it in a work entitled *Solidariste*, which reached a third edition in 1902, and certain publicists and politicians in search of some means of reconciliation between modern society and socialism came to his assistance. On all sides "solidarity" was applauded, and an attempt was made to construct a social system founded upon its doctrines. Quite a number of theorists formed themselves into a body called "L'École des hautes Études sociales," and a book, in which a series of conferences and discussions upon the subject were summarised, appeared in 1902, under the

title of an *Essai d'une philosophie de la Solidarité.* Widely different meanings are attributed to this word. "The solidarist doctrine," according to the article upon it in the new *Grande Encyclopédie,* "is already certain as to its object, its methods of enquiry, and its ratiocination. It has constructed a scientific system, and laid the foundation of a system of justice and morality in harmony with modern ideas and with the aspirations of existing society."

What is this system of justice? The founder of the sect, Léon Bourgeois, describes it in very indefinite terms. "When we ask ourselves," he says, "what are the conditions which are necessary for the maintenance of equilibrium in human society, we are led to recognise that there is only one word by which they can be expressed—justice." Few people would contest this proposition, but what is here meant by *justice?* Bourgeois repudiates the idea that justice connotes liberty, and declares that sociology no longer accepts the old idea of personal freedom. "Men," he says, "are necessarily bound together by ties which are pre-natal, and from which they cannot lawfully free themselves; if they were to do so they would no longer have any lawful right to exist." Thus, a man is not a free agent; he has contracted an obligation by being born, and, continues the founder of solidarism, "the true social position of an individual differs as completely from that of a man entirely free, as from a legal point of view does the position of one who has entered into no engagements with any one, and who acts in the plentitude of his liberty, from that of a man who has entered into contracts and formed associations with others!" In this medley of postulates and truisms, the most flagrant contradictions are to be found.[1] First it is stated that *men are bound by pre-natal ties,* and then a totally different idea is introduced—that of men who have entered into contractual obligations with others; this is merely a return to the hackneyed hypothesis of the

[1] See *La Solidarité sociale et ses nouvelles formules,* by Eugene d'Eichthal: Paris, Alphonse Picard, 1903.

Contrat Social of Rousseau. According to Bourgeois, all men are born debtors to past humanity; "but all existing society has an equal right to benefit by the wealth accumulated by the labour of past generations. If some amongst us, as is actually the case, are prevented from enjoying our share, whilst others benefit to an excessive extent, am I not justified in declaring that there is a rectification of accounts to be made, that each one is a debtor or a creditor from his birth, that his social account must be balanced, . . . that some have to surrender, to pay up, and that others would have to receive?" It would be impossible to find more defective ratiocination than that shown in this quotation. If every one is born a debtor to past generations, how can that endow any living person with a claim against any other? Then, on what is this supposed common right founded? Society owes infinitely more to individuals than they owe to society. The progress made by humanity has been due to exceptional individuals who have had to struggle, at all events at first, against the want of intelligence, the mechanical routine, and the jealousy of their social environment; how can this inert social mass, always antagonistic to progress, be regarded as a "creditor"? Without the bold initiative and perseverance of that great company of men, who since the dawn of humanity have in all ages successfully struggled against the imbecility and perversity of their social surroundings, the human race would still be sunk in the torpid ignorance and misery of the stone age.

All the sages have given utterance to similar reflections upon the public of their time. Is it such a public as this that is to be endowed with a claim upon the men who are the only source of human progress? What is this "social account," and what is meant by its rectification? All those who for one reason or other, whether by their own fault or not, find themselves in a disagreeable position, would be armed with a claim against the more energetic and fortunate. This supposed claim, declared to be a positive and legal one, and to be founded on a quasi-contract, or upon contractual obligations, is quite indefinite,

and the amount of it is to be fixed in accordance with the desires of the great mass of the so-called disinherited! It would be an unlimited obligation which could never be fully discharged. It is not here a question of a simple moral or social duty, which would appeal to the conscience of the fortunate, but of a legal debt, the payment of which society—that is, the majority of mankind—may exact, under conditions which have no rational basis. It is not merely the "right to work" and the "right to assistance" which are claimed by this doctrine; the "rectification of accounts" would involve progressive and excessive taxation, and in practice it would legalise confiscation. This fantastic doctrine is not only the equivalent of socialism, but it almost surpasses it, and recalls the pretended "right of recapture" invoked by anarchists.

The solidarists, however, endeavour to establish a distinction between their doctrine and socialism. Socialism, they say, has clearly enunciated the duty that society owes towards its weaker members, and the claims they have upon society, but it maintains the right to property in its present form, and all that it asks of society is to cure the evils caused by its own organisation. Justice, as interpreted by Léon Bourgeois, is a justice which atones and restores, whilst the justice of socialism is the reorganisation of social relations. Socialism is prophylactic, solidarism is therapeutic.[1] This last phrase exactly describes the position, and shows that notwithstanding all attempts to establish a distinction, there is a complete affinity between solidarism and socialism, since it is only natural that after expiation, organisation should follow, just as, when a cure has been effected, hygienic precautions are taken to prevent a relapse. Thus, we see that solidarism leads necessarily to collectivism.

For the moment, solidarism is satisfied with a restricted programme, and the only legislative project brought forward at the "Congrés d'éducation sociale" of the solidarists was couched in terms so vague as to include everything. "The law ought to exclude all inequality of

[1] D'Eichthal, *op cit.*, p. 191.

social value between contracting parties. It ought also, as far as possible, to give to the labour of each one the support of the strength of the community, and guarantee everyone against the risks of common life." In order to give some practical meaning to so vague a proposition, it is added that: "The method of assuring the equity of social contracts by the satisfaction of the social debt may be summed up in three principal conclusions:—1. Assurance against defects of intellectual culture. 2. Assurance against natural incapacity. 3. Assurance against social dangers."[1] This is a programme which, although extremely vague, has immense possibilities for practical application.

A certain number of those who of late years have been called the "intellectuals"—persons of scientific or literary attainments, who, from their manner of life, have but little positive knowledge or practical experience of social questions—have been attracted by the doctrine of solidarism, and have grouped themselves under its banner.

Collectivism also makes a pressing appeal to intellectuals, but to those of a different class, the "intellectual proletaires"—that is, to those men who possess ability but no capital. Kautsky implores these men to become supporters and propagandists of socialism, and declares "that one of the most important problems before the socialist party, is to discover some means of gaining their adherence." He asserts that the functions of the privileged classes, the nobility, and the clergy, of which they have been deprived, have become "of more and more importance, and the number of those who now perform them has increased year by year, with the growth of the duties imposed by social evolution upon the state, upon

[1] At the close of a lecture by d'Eichthal in 1903, at the Academy of Moral and Political Science, an ardent solidarist, M. Bruno, an inspector in the ministry of the interior, submitted a treatise in praise of this doctrine, and claimed it as a great sociological discovery. A dozen of the members of the Academy—philosophers, historians, moralists, jurisconsults, as well as economists—spoke upon the subject, and for various reasons were all agreed that this doctrine possessed no scientific or experimental basis whatever, and that it was no more than a variety of socialism with a decorative name.

the communes, and upon science." The persons here referred to are public officials of all grades, of whom a large number in modern democracies possess either no capital, or very little. On the other hand, he goes on, "the capitalist class has begun to relieve itself of its administrative functions in commerce and in industry, and to entrust them to employees. At the outset, these latter were only concerned with surveillance and organisation, with the purchase of the means of production, and with the sale of the produce, duties which the capitalist could not perform for himself without special education; but a consequence of the establishment of the system of joint stock companies has been that the capitalist is altogether superfluous.

"It cannot be doubted," Kautsky continues, "that this system [the company system] helps to increase the number of well-paid employees, and of itself encourages the formation of this new middle class. When Bernstein describes those who have a moderate income as "proprietors," he can certainly claim that the system of joint stock companies contributes to the increase of their number, but not by the division of capital. The intellectuals form that class of the population which increases the most rapidly."[1]

Kautsky, although his conception of the respective *rôles* of capitalists and joint stock companies is inexact and puerile, is correct in what he says as to the formation of a new middle class, which is constantly increasing, by the addition of the employees of capitalists and of joint stock companies. If the term "proletaires" is intended to include all those who, having very little or no capital, live by their personal work, the class of superior proletaires, which would include officials, artists, scientists, engineers, etc., would no doubt be enormous, and Kautsky imagines that, since they possess no capital, it would be a matter of indifference to them whether the means of production belonged to individuals, to joint stock companies, to

[1] *Le Marxisme et son critique Bernstein*, Karl Kautsky, Paris, 1900, pp. 242-44.

municipalities, or to the state. He thinks, therefore, that the socialisation of the means of production would be well received by them, and that they ought to range themselves under the standard of socialism. In reality, however, things would be very different. Kautsky himself recognises that the majority of the intellectual middle class joins forces with the "bourgeoisie," and adopts and sometimes even exaggerates its prejudices. Is this merely a snobbish desire to get rid of all traces of their proletariat origin? This may, indeed, be a frequent cause of the aversion from socialism shown by these new accessions to the middle class, but Kautsky suggests another and far more hypothetical explanation: "The principal barrier," he says, "which separates the new class from the proletariat is education, and they fear lest, owing to its diffusion, they should lose this advantage." In the *Essai sur la répartition des richesses*, it has been shown that the tendency of universal education must be to diminish the importance of the middle classes; but it is not suggested that they would be influenced by the barbaric instincts Kautsky attributes to them, when he writes that in countries where popular education is sufficiently developed to threaten to deprive these classes of their privileged position, the extension of education will be bitterly opposed by them, and goes on to declare that the intellectuals would be more hostile to the educational progress necessary for the improvement of modern production than even the capitalists; that they are the most reactionary of reactionaries; that modern university professors and students of science are amongst those who are opposed to the education of women and to the admission of Jews to equal competition, and that they endeavour to make higher education as expensive as possible, in order to exclude all those who are penniless from its advantages.[1] Kautsky's ideas upon the subject appear, however, to be very undecided, and to some extent he modifies this grossly exaggerated statement by the addition that, when liberal economists infer the formation of a new middle class from the rapid

[1] Kautsky, *op. cit.*, p. 248.

increase in the number of intellectuals, they forget that as this number increases, so also does the share the proletariat takes in it; but between the two sections of intellectuals—those who are supporters of capitalism and frankly hostile to the proletariat, and those who are as frankly proletariat—there is a large body, neither proletariat nor capitalist, who consider themselves to be superior to this class antagonism.[1] It is to this intermediate class that Kautsky appeals for sympathy. Strum and Eugene Richter, he says, with their theory of "the patriarchal employer" and the "doctrine of the Manchester school," have no longer any disciples of weight amongst the intellectuals. The arraignment of capital and sympathy with the proletariat are the fashion, and Sir William Harcourt's dictum, "We are all socialists now," is becoming true of these people; but it is to socialism, analogous to that defined by the communist manifesto of 1847, and not to "revolutionary" socialism, that the intellectuals render their homage. In conclusion, he says that though it is but a half-hearted encouragement of militant socialism that can be looked for from the intellectuals, yet they will not be found amongst its most determined opponents.[2] This last statement is strangely at variance with the passage referred to above, in which he points to a certain class of intellectuals as being far more hostile to the proletariat than the capitalists themselves.

It is worth while to refer to these passages, both because of the importance of Kautsky's position in the socialist party, and because he has been the first to describe this new class; but there is a regrettable confusion in his presentation of the subject; he appears to take no notice of the fact that the class he describes is divided into sharply distinguished sections which are not in any way correlated. First, there are the pure intellectuals—that is, the litterateurs, the scientists, and the artists—and towards the close of his remarks Kautsky appears to refer to this class only. It is this class which

[1] Kautsky, *op. cit.*, p. 250. [2] *Ibid.*, pp. 252-53.

is most attracted by the recent varieties of socialism, such, for instance, as solidarism. Experts of all kinds, notably the pupils of the higher and normal schools, who are neither possessors nor managers of capital, who are conscious of a feeling of contempt, if not of jealousy, for the wealthy classes, who are engrossed in abstract thought, who live apart from contact with industry and commerce, who are strangers to business, and who find themselves sheltered from social disturbances, are frequently led by sentiment as well as thought, often also by ambition and aspirations, if not to actual collectivism, at any rate to socialism and solidarism. Many men in this class may be found who, whether influenced by interested or disinterested motives, hold these opinions, and carry on an active and effective propagandism in their support. The second division of the new class is composed of the officials of public or private administrations. The temperament of these people is, as a rule, more stable, and they have somewhat more practical experience than the pure intellectuals. This is especially true of the higher employees in private or joint stock administrations, such as engineers or the managers of great shops; these men, although often radical in politics, have far less inclination towards socialism than the former class. No doubt some advocates of socialism are to be found amongst them, but they are few in number, and their ranks, except when they are politicians who adopt socialism as a career, are recruited from those who have failed in their own profession. The appeal of socialism to this section of the new middle class is unsuccessful for many reasons. In the first place, the dream of most of these highly salaried officials is to become capitalists themselves, and to bring up their children to a similar position; next, these men have raised themselves by the energy of their character, by their habits of order and foresight, and by their sense of discipline, with the concomitant gift of exercising authority, whilst their constant intercourse with labourers makes them acquainted with the defects of wage earners in these respects. Thus, a social revolution which would place the direction of

industry in the hands of the workmen, strikes them as being not only antagonistic to their own interest and to that of the community, but as being contrary to nature. It is suggested that such men as these would become officials of the state, but such a prospect does not attract them. In our democracies of conflicting opinions and violent passions, the official is the slave of the public, or rather of the party in power, and in France especially this servitude is extremely harsh, and grows more humiliating every day. The theoretical impartiality ascribed to government is a fiction opposed to nature. In reality government is a party in power, always menaced, always restless, and always suspicious and defiant. Everyone placed in office by public election, however wanting in ability or character he may be, is in a position to treat the officials under him with haughty tyranny, and the central government pitilessly dismisses employees, however meritorious they may be, who refuse to bow to the caprice of these ignorant tyrants. The fact that as a rule hard work is not required from public servants, is no doubt an attraction, but the compensating disadvantage of dependence upon the temporary possessors of authority is a terrible one ; and when in addition to this, it is remembered that promotion in public service is not governed by merit, but by electoral considerations, it is easy to understand why really energetic and capable employees in industry and commerce should prefer private to state employment. Socialism, therefore, is not likely to gain many recruits from this section of the intellectuals.

Kautsky has written another small book, published in 1903, under the title *Le lendemain de la Révolution sociale*, which deserves notice. A translation of this work has appeared in *Le Mouvement socialiste*,[1] a publication which is of special interest, since it supplies evidence of the identity of the actual programme of the orthodox Marxists with that of " Socialistes réformistes " and the opportunists. Kautsky's treatment of present and future social problems in this book, which should rather be called the eve than

[1] 1st and 15th February and 1st March 1903.

the morrow of the social revolution, differs in no way from that of the "Socialiste réformistes," or from that adopted by the radicals. His programme includes universal suffrage in all public bodies, complete liberty of the press and of public meetings, the separation of church and state, the abolition of all hereditary privileges, communes to be assisted to become autonomous, and the abolition of militarism, either by arming the whole nation, or by general disarmament; "politics demand an army, financial considerations require disarmament. A national army may, in certain cases, be quite as expensive as a standing army; it may be necessary for the consolidation of the democracy to deprive the government of the chief force it can use against the nation."

With regard to the cost of the army, it should be noticed that socialism does not promise the financial relief expected by the populace, whilst as to the unfettered right of public meetings, in view of recent events in France and of the opinions of socialist leaders, it would seem probable that this privilege might be subjected to considerable restrictions.

From the financial point of view also, the Marxian programme is the same as that of the pure radicals, except that it is more frankly stated, and makes no attempt to disguise the use it would make of taxation, which, says Kautsky, the victorious proletariat will at once reform; it will immediately replace indirect taxation, especially on food, by a progressive tax on incomes or even on capital, and will demand the means required for carrying on the state from the possessors of great incomes or large capital. The way in which Kautsky dwells upon this point is instructive, and it is evident that his views differ from those of the radicals in France, and in almost every other country, only in the greater precision, firmness, and honesty with which they are stated. Before dealing thoroughly with the question of taxation, Kautsky refers briefly to certain expenses which will have to be borne by the victorious proletariat. The chief of these will be an enormous extension of public education. Class

distinctions, with all their consequences, he says, cannot be made to disappear all at once, but the schools, by providing similar instruction, feeding and clothing for all, and by affording equal opportunities for the development of physical and intellectual aptitudes, will prepare the way for the levelling of classes. Bourgeois radicalism, he writes, has already entertained the same ideas, but could never put them in execution, because to do so it would be necessary to pay no regard to wealth, which would be an impossibility for the "bourgeoisie." Schools such as those described by Kautsky, if established throughout the German empire, would, according to him, cost possibly from £60,000,000 to £80,000,000 sterling, or double the amount of the war budget. "Such sums could only be spent on the schools when public affairs are in the hands of a proletariat that is not paralysed by respect for large incomes."[1] Bearing in mind that Kautsky is not able to promise any reduction in the war budget, and that he proposes to abolish indirect taxation, it is obvious that to meet these demands adequately, the rich would have to be far richer than they actually are, and that it would be necessary to denude them of the whole of their property to provide the necessary millions. According to the *Bulletin de Statistique et de Législation comparée* of April 1903, pp. 624-25, persons living in Prussia and liable to taxation, who possessed a capital of more than 1 million marks (nearly £50,000), numbered 6601 in 1902; of these, 791 possessed over 4 millions of marks (approximately £200,000), 235 more than 8 millions (approximately £400,000), and finally, 7 persons only, in this country so industrially active and so enormously enriched since 1870, possessed over 40 millions of marks (approximately £2,000,000), the richest of all not reaching 200 million marks (£8,000,000).

It would not be possible, therefore, to extort from these 6000 millionaires the millions which would be required annually by the victorious proletariat, and it would be necessary to despoil the entire middle class,

[1] *Le Mouvement socialiste*, February 1903, pp. 208-9.

the *new* as well as the *old*, and even to combine with it a large section of the wage-earning class for purposes of spoliation.

Besides education, another problem will confront the victorious proletariat—namely, by what method private industry can be made impracticable, and even forced to request the state to take it over? The ingenious description given by Kautsky of the way in which this task might be accomplished, is the most interesting part of the curious picture he draws; the system he describes differs only from that proposed by the "Socialistes réformistes," or the radical socialists, or even by a large number of radicals pure and simple, in being more strongly accentuated! "There is a problem which, before all others, claims the attention of every proletariat *régime*. At all costs, a remedy must be found for the evil of unemployment. We do not here seek to show in what way the problem of want of work can be solved. There are many different methods, and a number of theorists have put forward the most diversified proposals. The 'bourgeoisie' itself has attempted to ward off the evils resulting from the want of work, and has established schemes for insurance against unemployment, which have been partly realised. But a bourgeois society can do nothing effectual in this direction, because it would be cutting off the branch by which it is itself supported. A victorious proletariat alone would be in a position to take the necessary steps—and it would take them—to cause the evils of unemployment, whether induced by sickness or by any other cause, to disappear. In order that men out of work should be effectually succoured, it is necessary that the existing distribution of power between the proletariat and the 'bourgeoisie,' and between the proletariat and capital, should be transposed; it is in this way that the proletariat will become master in the workshop." These last words are significant; they show that the object is the same as that arrived at by the "Socialistes réformistes," and also, consciously or unconsciously, by a large number of pure radicals—namely, that the proletariat should become the

master in the workshop; but such an arrangement would be the starting-point for a rapid evolution which would inevitably lead to collectivism. "If," continues Kautsky imperturbably, "the existence of the workman is assured, even in case of want of work, nothing will be more easy for him than to checkmate capitalism. Then he would have no further need of the capitalist, who could not continue business without him. When once this point is reached, the employer will always be the loser in all conflicts with his men, and will be forced to yield. The capitalists, although they might continue to be directors, would cease to be masters or exploiters of manufactories; but when they recognised the fact that only the risks and the expenses were to be left to them, they would be the first to relinquish capitalistic production, and to insist upon the purchase of their works, from which they could no longer derive any profit." The first step being granted, this result would indeed be inevitable!

Proprietors being reduced to this condition, Kautsky asks himself whether the state ought to proceed by confiscation or by purchase. He hesitates for a moment, but on reflection he grasps the fact that this question is one which affects the coming, rather than the existing generation, and soon arrives at the conclusion that, for many reasons, a proletariat *régime* would prefer to proceed by the method of purchase, and by indemnifying the expropriated capitalists and landed proprietors. But they must not rejoice too soon. In the first place, since nothing but the risks and expenses would be left to manufacturers, their work might be bought out at a very low price; next, it is proposed, by means of a progressive tax, to get back the greater part, or the whole of the purchase price; this is explained by Kautsky with commendable frankness. "As soon as capitalistic property has taken the form of an inscribed debt, due by the state, by a commune, or by a corporation, it will become possible to impose a progressive tax on income, on capital, and on successions at a higher rate than has hitherto been feasible. This would at once secure one of our demands of to-day—namely, the

substitution of a tax of this nature for all other, and especially for indirect taxation."

As society is at present constituted, there are, as Kautsky remarks, difficulties in the way of progressive taxation. "The higher the rate, the greater the temptation to defraud the treasury; and even if evasion could be effectually stopped, it would not be possible to go on raising the rate indefinitely, because the over-taxed capitalists would leave the country; so that even if political power were in the hands of the proletariat, taxation could not be increased beyond a certain limit; but when all property is in the national funds, the situation is altogether altered; property which to-day cannot be exactly estimated, would then be easily ascertainable; it would be sufficient to enact that the names of all fund-holders must be inscribed, to make it possible to ascertain the capital and the income belonging to each; then the tax could be increased at will; fraud would be impossible, and the tax could no longer be evaded by emigration, since, as the interest is paid by the public institutions of the country—that is, by the state itself—it would be easy to deduct the tax before payment; under these circumstances, the tax could be raised to any desired degree. In case of necessity," Kautsky concludes, "this increase of the tax will bear a strong resemblance to the confiscation of large fortunes." Here he foresees a possible objection, and asks: "Is it not a mere farce to attempt to disguise the appearance of confiscation by a purchase of property at the actual value, and the recovery of the cost by means of taxation? The difference between this procedure and direct confiscation is only one of form." Nevertheless, whilst fully conscious of the end he is aiming at, and of the means at his disposal for securing it, Kautsky rejects the idea of direct confiscation, for ingenious reasons, which he explains, with candour and with his habitual precision, in the following passage:—"There is a difference: direct confiscation hits every one equally—those suffering from industrial disability as well as the active workers, the small as well as the great; with this

method it is difficult, often impossible, to distinguish between large and small incomes, both the former and the latter being frequently derived from the same financial undertakings. Direct confiscation would act suddenly, at a blow, whilst confiscation by taxation would allow of the abolition of capitalistic property by a slow process, the rate of which might be accelerated in proportion to the consolidation and success of the new organisation. It would be possible to spread this confiscation over tens of years, so that it would only reach its full efficiency when another generation had grown up under the new system, which would have learnt no longer to rely upon capital and interest.

Confiscation would thus lose all its painful character; people would become habituated to it, and it would seem to be less grievous. The more pacifically the conquest of political power by the proletariat is effected, the more solidly this power would be organised, the more enlightened it would be, and the more allowable it would be to hope that the refined method of progressive taxation would be preferred to the more primitive plan of confiscation." Thus writes the chief of the orthodox Marxists. He is certain of the efficacy of his method, and, in truth, no defect can be found in it; the weapon it provides—progressive taxation—is of sovereign efficacy, and, in the course of some decades of years, would undoubtedly accomplish its task—namely, the dispossession of capitalists great and small. Kautsky ends this chapter with these words: "The expropriation of the means of production is, relatively speaking, the simplest of the great changes involved by social revolution. To effect it, it is enough to possess the necessary power, and the possession of this power is the hypothesis upon which this system is entirely based. The difficulties of the proletarian *régime* do not lie in the domain of property, but in that of production."[1] In this Kautsky is obviously right; the difficulties of production under a collectivist or proletarian *régime* have been pointed out in this book, and need not be repeated.

[1] *Le Mouvement socialiste*, 1st February 1903, pp. 215-20.

The difficulty, however, which confronts collectivism in this direction is insuperable.

The methods proposed for accomplishing the social revolution by the orthodox Marxists, as described by their leader, have been shown to be identical with those of the "Socialistes réformistes," the "Socialist Radicals," and even the pure "Radicals"; the instruments by means of which the transformation is to be effected are—first, working-class legislation, with a system of subventions and arbitrations between master and man, which would have the effect, in Kautsky's words, of making "the proletariat the master in the workshops;" and secondly, progressive taxation. If there are any persons who still think it might be possible in practice to place a limit upon the amount of taxation, or even upon working-class legislation, they ought to be disillusioned by the clear and logical statements of Kautsky Consciously or unconsciously, all these parties with different names are working in alliance for the advent of collectivism: there is no substantial difference between them; the doctrines advocated by the "Socialistes réformistes," the "Social Radicals," or the pure "Radicals," are as great a menace to society as those of the most resolute disciples of Marx. The old Marxian doctrine of the sudden destruction of capitalistic society, is a danger to humanity far less threatening than class legislation for the benefit of the proletariat, coupled with a system of progressive taxation initiated with deceptive moderation. If once these steps are taken, the only chance that will remain of escaping from the collectivism which is the certain end of the evolution thus commenced, is that the social disasters, the wide-spread affliction, and general discontent which would inevitably ensue, would produce a salutary reaction. If only it is not too late!

CONCLUSION

It seems hardly necessary to define the conclusion to which we are led by the foregoing account of the development, more apparent than real, of the doctrine of collectivism since 1895; but it may be worth while to describe shortly the position of humanity under the proposed *régime*.

It has been shown that there is no real difference between the various sects of socialists, whether they call themselves "Socialistes réformistes," "Solidaristes," or "Collectivists." Complete collectivism is the ideal which, consciously or unconsciously, they all pursue. Some would advance rapidly and directly, others would follow a less direct course, which, however, would affect but little the distance to be traversed or the real rate of approach. Under the proposed *régime*, individual liberty and dignity must disappear, either abruptly, as proposed by the Marxists, or gradually, as proposed by the "Socialistes réformistes" and the "Solidaristes." It is astonishing to see the number of socialist publications which actually claim that their *régime* would secure the development of individual liberty and dignity! How could liberty exist in a society in which everyone would be an employee of the state brigaded in squadrons from which there would be no escape, dependent upon a system of official classification for promotion, and for all the amenities of life! Even now, the commands issued by ministers, especially at election time, and the arbitrary dismissals of employees, constitute an eloquent commentary upon the liberty and

dignity of state employees; and this subjection of the individual to those in authority would be greatly increased if the competition of private administration were abolished. The employee (and all will be employees) would be the slave, not of the state, which is merely an abstraction, but of the politicians who possessed themselves of power. A heavy yoke would be imposed upon all, and since no free printing presses would exist, it would be impossible to obtain publicity for criticism or for grievances without the consent of the government. The press censure exercised in Russia would be liberty itself compared to that which would be the inevitable accompaniment of collectivism. However numerous the dissentients, they would be condemned to silence and subjected to injustice under this *régime;* and a tyranny such as has never been hitherto experienced, would close all mouths and bend all necks. Again, what dignity could exist in a society when state obligations would be substituted for all moral duties? Parents would no longer direct the bringing up of their children, for whom they would not be responsible, and for whom they would no longer be called upon to make sacrifices, and in their turn children would no longer assist their aged parents. The honour and happiness of family ties, braced by common effort, by dangers encountered with mutual devotion, and by successes and misfortunes, would cease to exist. Despised and exposed to state competition, then persecuted by contemptuous and arrogant public doles, personal charity would shrink, fade, and finally vanish. No one would any longer have responsibilities or duties towards his fellows; savage egotism would reign, and the effect of socialism, paradoxical as it seems, would be to establish the most ferocious individualism. The phrase which Lassalle so falsely applied to existing society, "the ties of humanity no longer exist between human beings," would be actually true of this new society, and enforced "solidarity" would eliminate all spontaneous sympathy.

How could human progress continue in a society subject to universal constraint and authority? Authority, what-

ever its source, is always slow, pedantic, and a slave to routine; when derived from a democracy, these defects would be exaggerated; an immense bureaucracy would be established, and individuals who are exceptional in any way would be shouldered on one side and crushed by its complicated machinery. If the circumstances under which humanity has progressed are examined, it will be found that advance has depended upon the coexistence of three conditions: the provision of facilities for individuals of exceptional ability; liberty of association, which would allow of the co-operation of energetic men and the free development of their projects; and finally, abundant production and the free and rapid circulation of the capital which supplies the means for the practical application of discoveries and scientific inventions.

It is the incessant improvement of methods of production which has made it possible to shorten the hours of labour and to minimise the unpleasantness of repugnant or dangerous work. It is by this means also, that production will in the future increase so largely, that the least fortunate of men will share advantages now enjoyed by the wealthy only, as well as many additional amenities as yet unknown. This brilliant future for humanity now appears to be a certainty, provided only that conditions favourable to the rapid development and economic application of scientific discoveries are maintained. But for their continued existence, these conditions demand a free and elastic social system, unfettered by official regulations and the paralysing control of bureaucracy. These conditions have been present throughout in the social organisation which since the close of the eighteenth century has been established by the principal civilised races, but collectivism would be altogether hostile to their continuance; under its *régime* exceptional individuals would be crushed, and no one would any longer have a personal interest in progress. Again, with regard to the capitalisation of savings, which is so indispensable for the realisation of improvements: at the present time it is abundant, but it is due to a minority of individuals only; under a collectivist *régime* it would be

the majority who would determine how much of the national produce should be set aside from the amount used for immediate or prospective gratification, and devoted to saving or capitalisation; there can be little doubt that this portion will always be infinitely less than that now created by the efforts of free men urged by personal or family interest. To a far greater extent, therefore, than now, the capital required for improvements will be wanting, and at the same time the energy that makes for progress would itself be withering away. Thus, collectivism implies a prodigious loss, both to the individual man and to civilisation in general. At first a slackening of economic enterprise, then its complete cessation, soon to be followed by retrogression; these would be the inevitable consequences for humanity, or for any section of humanity that adopted this *régime*. In the course of two or three generations only, the material impoverishment and moral weakening of humanity would be considerable; in a century the face of the world would be entirely changed; not only would all improvement in production have ceased, but even the technical arts already acquired would have deteriorated, owing to the want of personal interest in the practice of them, and humanity would soon revert to the ignorance, indolence, and poverty of primitive ages. All these social evils, but slightly delayed, would be engendered with equal certainty by the "Socialisme réformiste"[1] or "Solidarisme," since logically and of necessity they are but the precursors of collectivism.

[1] [Represented in England by the Fabian Society.]

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